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# **BUSINESS DEVELOPMENT AND MARKETING STRATEGY FOR NATURAL RESOURCE BASED ENTERPRISES**

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Community  
Partnerships for  
Sustainable  
Resource  
Management in  
Malawi

## **Business Development and Marketing Strategy for Natural Resource Based Enterprises**

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*Prepared by:*

**George Magai & Timothy Nthambi (Consultants)**

**Development Alternatives, Inc.  
7250 Woodmont Ave., Suite 200  
Bethesda, MD 20814  
USA**

**Tel: 301-718-8699  
Fax: 301-718-7968  
e-mail: [dai@dai.com](mailto:dai@dai.com)**

*In association with:*

**Development Management Associates  
Lilongwe**

**COMPASS  
Phekani House  
Glyn Jones Road  
Private Bag 263  
Blantyre  
Malawi**

**Telephone & Fax: 622-800  
Internet: <http://www.COMPASS-Malawi.com>**

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## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

COMPASS has been exploring opportunities for promoting and supporting natural resource-based enterprises (NRBEs) in Malawi. COMPASS undertook an assessment of opportunities for creating NRBEs (COMPASS Document 29 – Natural Resource Based Enterprises in Malawi – April 2001), which culminated in forum of key government, NGO and private sector representatives from which a series of action plans were prepared, (COMPASS Document 31- natural Resource – Based Enterprises in Malawi – June 2001).

Building on its groundbreaking work COMPASS has supported several small natural resource-based enterprise development projects through the small grants facility with emphasis on honey production, fruit processing, wild mushroom harvesting and curio making and marketing.

Several activities with growth potential were identified and these were a) Organic honey production, b) fruit juice processing, c) wild mushroom production and d) curio production, whose potential is that, initially, many rural communities are already producing these items and that, there exist internal markets that seem to hold promise for expansion into national and regional markets.

The Business Development and marketing Strategy assignment was commissioned to consolidate the accomplishments of COMPASS by identifying more clearly the constraints to expanding potential high-growth activities in the natural resource sector. The essence was to assess the needs of the entrepreneurs and the capacity of the service providers to fulfil these needs. The assignment further enabled COMPASS to design and develop a “role building programme” that is realistic and will allow for sustainability after the withdraw of the small grants scheme.

Contained in this report are the results of a business development and marketing study of Natural Resource Based Enterprises (NRBE) under the COMPASS Programme. Two consultants from Development Management Associates carried out the study during the months of June and July 2002.

### **APPROACH AND METHODOLOGY**

Guided by the foregoing, the consultants adopted a process approach of literature review, interviews and field survey of grantee activity sites and business development service providers. In this regard, the results of the assignment *reflect issues, needs, opportunities, conclusions and recommendations* from a high degree of involvement of key stakeholders, the rural communities, the natural resource based enterprises and the business development service providers.

The report further consists of eight other sections and six annexes. They cover the following areas:



- i. Natural Resource Based Enterprise* – this section gives an overview of the NRBE being an important alternative in the MSME sector with abundant resources. The challenge is how to organize the rural communities, harvest natural products in a sustainable manner and undertake viable businesses. The COMPASS mall Grant Programme has mobilized and increased participation of community members to about 130,000 direct participants in various projects that is representing 2,192 villages.
- ii. Innovations for NRBE*- this section looks at what a NRBE is and its characteristics. It also looks at eight grantee sites, which is inclusive of two best sites, and how the NRBEs have fared under the small grants scheme and their needs in terms of local governance, development management, natural resource management, enterprise and entrepreneurial development, and production technology and marketing capacity.
- iii. Commercialization of NRP* – this section identifies challenges confronting the NRBEs, which must be addressed in order to commercialize them. The challenges are identified in terms of skills, appropriate technology, infrastructure, markets and market information, access to finance and BDS counseling/ extension services.
- iv. Analysis of High growth potential products* – this section brings into focus an analysis of products with growth potential, that is organic honey, fruit juice, wild mushrooms and others. The SWOT provides a more critical and in-depth analysis.
- v. Summary Analysis of Issues to be Addressed*– this section highlights the summary analysis, which is based on issues by what they pose: a need, an opportunity, a problem or a solution. It also brings to light the relevant capacities and competencies, which are in terms of geographical spread, type of business, capacity and relevance of selected service providers, namely BEED/CEFE, TEVET, EDETA, SEDOM, DEMAT, FINCA, and CABUNGO.
- vi. Business Development Services Toolkit* – this section explores the strategies that would be employed to enhance transformation and ultimately the sustainability of NRBEs. The section discusses three transformation processes, namely empowerment and capacity building phase, institutional set-up phase and sustainability and self-financing. It further discusses the working business strategy and provides set objectives and the framework for action (operating plans).
- vii. Conclusions and Recommendations* – this section consists of conclusions and recommendations under the headings of: *focus on technical assistance and incentives, selection of service providers,*

*the best practice experience, entrepreneurship development, infrastructure, technology and processing equipment, and practical training.*

- viii. *The Action Plan* – this section consists of the Action Plan, which provides at a glance the action to be taken, by whom when and the expected outcome. The Action Plan consists of the Business development, marketing aspects and the types of training required for each process for a successful transformation of the NRBEs, which are relevant for product, market development and community capacity building.
- ix. *Annexes*: there are six annexes

## **1.0 INTRODUCTION**

The efforts to promote and improve the livelihoods of the rural and urban poor have been an overriding responsibility for both the public and private sector in Malawi. Different programmes have been initiated either as components of a policy strategy or as a direct activity targeting the most vulnerable population through the growth and development of micro, small and medium enterprises (MSME).

There are several reasons that have seen the growth of MSMEs, within the general requirement of social and economic transformation. Some of the issues are employment generation, income distribution, gross domestic product (GDP) growth and productivity. The efforts are intended to mitigate the crippled economy to move the majority of the population from a position of abject poverty and economic stagnation to self-sufficiency and positive economic growth through sectoral initiatives of enterprise development.

### ***1.1 Macro Economic Background***

Malawi is a small landlocked country of nearly 10 million people<sup>1</sup>. Malawi borders Tanzania, Mozambique, and Zambia and has a geographical area of 117,000 square kilometres, about 20% of which comprises of lakes and rivers. The population grows at an average annual rate of 1.9%. Agriculture forms the country's economic base and contributes 34% of GDP. It accounts for 90% of total export earnings and employs over 80% of Malawians for subsistence. Maize is the staple food crop, whilst tobacco cotton, sugar and tea are the major cash crops. There is serious environmental degradation caused by rural populations faced with shortage of land, limited markets for agricultural products and over-exploitation of natural resources.

An estimate of 145,000 Malawians enter the labour market every year, the formal employment sector can only absorb 10% of them per year. Of these only 14% are women who culturally are central to the welfare of the family set up, which is overburdened by dependent children. Women and children are the most vulnerable to the effects of poverty.

### ***1.2 Initiatives on the COMPASS Project***

The Community Partnership for Sustainable Resource Management (COMPASS) activity was initiated in April 1999 with the arrival of the team of long-term staff in Blantyre and the establishment of the COMPASS Offices. In its primary focus COMPASS was concerned with Community Based Natural Resource Management (CBNRM). Its activities, however, identified the need to introduce incentives to the local communities in natural resource management with the support of a small grants program. The results of this have seen COMPASS providing initial capital for the growth of MSMEs specialising in natural resource products.

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<sup>1</sup> Malawi National Gemini MSME Baseline Survey 2000

### ***1.3 Natural Resource Based Enterprise***

The increased responsibility of COMPASS in environmental issues and the plight of the local communities resulted in a new dimension requiring a review and redefinition of the scope of activity with a different approach and emphasis.

In late 2000, at the request of Wildlife Society of Malawi (now the Wildlife & Environmental Society of Malawi) COMPASS commissioned a study of the opportunities for creating and building natural resource based enterprises (NRBE). This is an activity that encourages and supports the communities in the adjacent areas to the natural resources to establish economic activities based on sustainable use of the natural resources. The study examined opportunities in all nine COMPASS focal districts<sup>2</sup> but emphasised Machinga District in an effort to provide one in-depth analysis of the strengths, weaknesses, opportunities and threats relating to NRBE development. The Natural Resource Based Product entails *a commercial business activity based on the sustainable harvesting, processing and marketing of a natural resource*.

The initiatives made in CBNRM were complimentary to the efforts of enabling the growth of NRBE in as long as environmental policies and the accompanying bylaws are respected. Coincidental to the national aspirations COMPASS pioneered the growth of NRBE as a possible alternative MSME in the rural areas. The growth of NRBE is still in the formative stages; there are a lot of issues that require revisiting within the environmental policies, the bylaws and the enterprise identity itself.

## **2.0 TERMS OF REFERENCE**

The following are the brief terms of reference (TOR) full TOR are attached as Annex 1:

The main objective of the proposed assignment is to consolidate the accomplishments of COMPASS by more clearly identifying the constraints to expanding potential high-growth activities in the natural resource sector. This will be achieved by undertaking an assessment of the sector in terms of the needs of entrepreneurs and the capacity of service providers to fulfil these needs. This will enable COMPASS to design and develop a support programme for the Natural Resource Based Enterprise sector that will provide networking information, collaboration in NRB Enterprise Development, product diversification and intensification, marketing and market research.

The main tasks entails:

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<sup>2</sup> Rumphi and Nkhata Bay and Mzimba in the Northern Region, Nkhotakota, Dedza and Ntcheu in the Central Region, and Machinga, Zomba and Chikwawa in the South.

1. Establish the requirements of community-based NRBEs with regard to Business Development Services ranked according to the type and size of the enterprises.
2. Develop a NRBE BDS toolkit that identifies what services are available from different organizations and spells out what levels of skill are required in different areas for the high-potential products that have been identified.

The consultants employed several tools and techniques in the assignment in order to collect qualitative and quantitative data.

### **3.0 APPROACH AND METHODOLOGY**

#### ***i. Documentation Review***

The initial step was to review relevant project documentation, which included COMPASS Document 43 – Grantee Performance Report: 2001, Document 29 – Natural Resource Based Enterprises in Malawi, Document 31 – Natural Resource Based Enterprises: Action Plans and others. The full list of documents reviewed is provided at Annex 3. This also included discussions with the COMPASS officials.

#### ***ii. Field Visits and Data Collection***

The second step was to conduct field visits and collect data from the twelve (12) Natural Resource Based Enterprises and eight (8) business development service providers that included two partner institutions, EDETA and CABUNGO. Of the twelve sites, nine (9) were budding enterprises support through the COMPASS small grants initiative and two were best practice sites. There were two micro-finance institutions in the category of business development service providers.

Collection of data in the BDS category used a questionnaire that was designed specifically to identify the capacity needs of the NRBE and is attached to this document as Annex 2. In the assessment of NRBE the tools used was the Participatory Rural Appraisal (PRA) technique. This technique was used because it involves a procedure in which “investigation and analysis are carried out more by rural people themselves, in which they own the information, and in which they articulate their priorities”.

The report is made up of: Executive Summary; Introduction, Background - giving the profile of the Malawian economy; Terms of Reference – giving the scope of the exercise; Approach and Methodology – giving findings, discussions and results; NRBEs – Growth and its objectives; Innovation for NRBEs - the prospects of NRBEs; NRBE Business Development Process - the types of support currently available for NRBE development; analysis of capabilities of BDS, identification of additional support services, existing and potential linkages and finally the development of the NRBE-BDS toolkit with the attendant Action Plans.

## **4.0 NATURAL RESOURCE BASED ENTERPRISES**

### ***4.1 Overview***

The NRBE, which is the focus of this discussion, is now considered an important alternative in the MSME sector with its abundant resources. The challenge is how to organise the rural communities, harvest natural products in a sustainable manner and undertake viable businesses.

Outsider-oriented and driven development has been a way of life for most rural Malawians. They have been actively encouraged by the Government to look to outsiders to provide the means of development. People have never been instilled with confidence to look within themselves and their communities for positive development. Most importantly, they have never been encouraged to organize themselves for their own benefit.

Popular mobilization does occur in villages. People will initiate and mobilize themselves for activities that provide personal and individual fulfilment, and when they are the direct beneficiaries of their actions. This concept has been at the centre of the COMPASS approach. Consistent with this observation, from COMPASS Grantee sites visited, popular mobilization has only been evident where the villagers themselves appreciate and obtain economic benefits from the activity, otherwise participation by the communities has been rather low.

The COMPASS Small Grant Programme has mobilized and increased participation of community members in CBNRM (Community Based Natural Resource Management) to about 130,000 direct participants in various projects, that is representing 2,192 villages.

### ***4.2 NRBE Working Assumptions***

The responsibility that COMPASS takes on is to ensure that the rural poor in the surrounding areas of natural resources are adequately identified and assisted in establishing viable natural resource based enterprises with appropriate capacities and structures to improve their livelihoods and income base whilst ensuring that their enterprises are not environmental damaging activities.

The major assumptions for this level of effort is that:

- The natural resource areas have abundant resources that can be harnessed for small enterprises
- The local communities are aware and familiar with the environmental policies and by-laws
- The policies and by-laws are clear and unambiguous
- The local communities possess the basic skills for the identified enterprises

- The small grants scheme has created the basic understanding of use of external capital in promoting their enterprises
- NRBE will have access to credit and finance
- It has the ability to add value through processing or better marketing;
- A link exists between the enterprise and an incentive for improved management of the resource base

### **5.0 INNOVATIONS FOR NRBEs**

A Natural Resource Based Enterprise (NRBE) has been defined to be a commercial business activity based on the sustainable harvesting, processing and marketing of a natural resource. The main characteristics of a NRBE are that, it has the ability to add value through processing or better marketing; a link exists between the enterprise and an incentive for improved management of the resource base and natural resource is widely available to the rural poor.<sup>3</sup> The identification of the NRBEs visited was based on this definition. Further to this, the NRBEs have been classified according to the four activities holding most promise for commercialization, that is Beekeeping – Organic Honey products, Fruit Processing, wild Mushrooms, and Curios.

An important question is concerned with how well NRBEs have fared under the small grants scheme in relation to both the number of new business start-ups and the growth of enterprises once established.

An evaluation exercise undertaken by the Consultants on the viability of the NRBE products under the COMPASS project namely:

- ◆ Fruit processing
- ◆ Organic Honey Production
- ◆ Fish Farming
- ◆ Wild mushrooms
- ◆ Curios

***Others:***

- ◆ Exotic and Indigenous Tree Nurseries
- ◆ Guinea Fowl rearing
- ◆ Cane Rat rearing

They provide helpful tips for consideration as highlighted in the following Matrix:

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<sup>3</sup> Source Natural Resource Based Enterprises in Malawi –COMPASS Document 29 April 2001.





**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
NATURAL RESOURCE BASED ENTERPRISES (NRBE)**

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***Table 1: Matindi Youth Group (MATYO) – Blantyre***

<b><i>Name of Organization</i></b>	<b><i>Activities (most promising to least)</i></b>	<b><i>Local Governance (legal framework)</i></b>	<b><i>Development Management</i></b>	<b><i>Natural Resource Management</i></b>	<b><i>Enterprise and Entrepreneurial development</i></b>	<b><i>Production technology and marketing capacity</i></b>
Matindi Youth Group (MATYO)	Fruit tree Nursery.	Group is registered. It has a constitution. It has an elected Board of Trustees and a ten – member Executive Committee. The group is currently working with six (6) communities. The Board of Trustees is elected from the six communities. The Board of trustees and management of MATYO lack Organizational development and Basic management skills.	The ten executive members of the group manage the enterprise. The members are all school leavers with little or no formal training in Business Management. Group lacks marketing skills. Awareness campaign must be targeted beyond the MATYO catchment area.	The group has had good exposure to environmental and natural resource conservation techniques. Group also serves as community technical advisory body on issues related to environmental conservation and rehabilitation. Group has undergone training in Agro-forestry management. sponsored by COMPASS. Turnover of executive and ordinary members is relatively high because most of them are school leavers who go away in search of green pastures and tertiary training. Group needs continued training for its new members.	Evidence of enterprise and entrepreneurial skills were lacking. This aspect became apparent when the issue of marketing of their products was discussed. The group members are well-vested in technical aspects of the tree nursery husbandry practices, but are unable to develop their activity into sustainable enterprise. The group requires Entrepreneurship development, a process that enhances entrepreneurial skills and knowledge through structured training and institution – building programmes.	Production techniques are good, but poor marketing strategies and very little capacity.

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***Table 2: Ndirande Women's Group – Blantyre***

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Ndirande Women's Group	Briquette making	Group is registered and has a constitution. It has a five-member executive. The membership consists mainly of middle – aged married women. The local leadership is not directly involved in the project. Training in Organizational Development is needed.	The executive members manage the activity. The women have had in Basic training in Business Management. Upgrade training in Business Management is required. for them to effectively meet challenges in fast changing economic environment.	The project is an outcome of Nkhomano Centre for Development, a local NGO's training programme for women producing briquette as an alternative source. The training sensitised the communities on the dangers of heavily depending on firewood and charcoal as source of domestic energy. Awareness campaigns at market places have yielded very little attitude change.	Entrepreneurial skills were evident. As each member had an IGA. Group project is time consuming, labour – intensive and the benefits are not easily released. The briquettes are not selling and production is thus low. The raw materials though available are hauled from distant places and the cost of haulage is increasingly becoming prohibitive. Group needs Entrepreneurship development training.	The Briquette – making machine is appropriate but production is hampered by cost of hauling the raw material.  The marketing aspect of the Briquette has been poor, despite numerous awareness campaigns.

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
NATURAL RESOURCE BASED ENTERPRISES (NRBE)**

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***Table 3. Chiwembe Dam Mushroom Project – Limbe/Blantyre***

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Chiwembe Dam Mushroom Project	Mushroom production – using Water Hyacinth as a substrate.	The group is registered and it has a constitution. The group consists of ten members who are either working in Blantyre or actively operating their own IGAs. Six of the ten members are executive members. The group however, needs Organizational Development training.	The executive members manage the activity, The group has undergone training in basic business management facilitated by EDETA. The major hurdle at present is to find a source that can provide the enterprise with good quality spores and continuously. Strategic planning for the enterprise is required.	The water has Hyacinth has a good nutrient content and a huge biomass production, which is a good alternative for substrate for sporophore production of oyster mushrooms. The weed is detrimental to the environment as it has a high tolerance for survival and is capable of producing huge quantities of biomass, which colonize the water surface and blocking sunlight for the water organisms. Therefore the group helps to reduce the presence of the water Hyacinth and profitably utilizes it for generating income.	Each member runs an IGA at his or her homes. Evidently the entrepreneurial ability is present but some formal training in entrepreneurial development is required to hone their skills.	The production techniques are appropriate. The Mushroom is on high demand, hence marketing has not been a problem.

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**Table 4: Magomero Food Processing Project – Chiradzulu**

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Magomero Food Processing Project	Fruit processing (group activity),  Indigenous and exotic tree nursery and planting (community activity).	The Group is different to those from the others visited in that it is not yet formed as an association. The group will be formally registered after the training. However, the Group Village Headman has shown great interest in the women's project and he is in forefront of sensitizing the other village Headmen of its significance	The technical training alone will not suffice to develop the activity into an enterprise. The group will need to strategically plan.	A component of the project is the planting of a woodlot by the community in conjunction with ICRAF. The area is heavily deforested due to the numerous tobacco and coffee estates in the area that use the wood for curing purposes.	The majority of the population in Magomero is entrepreneurial because most of them depend on off- farm activities for survival. The other reason is that the land capacity is small because the tobacco and coffee estates have taken up the best land. The women's group will require entrepreneurial development skills to help them operate their enterprise profitably.	Technology requirements are high if the activity is to reach full potential.  Marketing aspects are dependent on the quality of the products. Awareness campaigns must be mounted within and outside the catchment area. Products should meet the MBS standards and should compete with not only local products but international as well.  Market research and demand survey are necessary.

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***Table 5: Lake Chilwa Boat Co-Management – Zomba***

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Lake Chilwa Boat Co-Management	Conserve, manage and protect fish.	The constant friction exists between the Traditional Authorities (TAs) and the Boat co-management team has eroded the confidence in the TAs. They have been accused of corrupt practices. There is however good local governance structure, which can be exploited to improve the activities of the Beach Village Committee. Through training in Corporate Governance, the roles and responsibilities of the steering committee, which consists of nine Traditional Authorities, the Beach Village Committees and other stakeholders could be spelt out.	Development prospects for this particular activity are rather sketchy. The By-Laws drafted by the communities have not been enacted. This in some way poses a challenge for the development of the activity into an enterprise.	The BVC and affiliates are enforcing fishery By – Laws in collaboration with the Fisheries department. The fish stocks are under threat of depletion. The BVCs and the fisheries department have an uphill battle without the support of the local leadership.	The enterprise and entrepreneurial development aspects are possible if the by – laws are enacted. In their absence, the activity would never take off as an enterprise. However, the members of the BVC should be trained in entrepreneurial development skills.	The marketing aspect of this activity is challenging, because the core activity is not necessarily an income generating activity.

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***Table 6: BERDO – Natural Resource Management – Ntcheu***

<i>Name of Organization, location</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
BERDO – Natural Resource Management (Best Practice Site)	Bee keeping – Organic Honey production;  Guinea Fowl rearing;  Efficient Clay Stove production;	The organization has well defined local governance structure, which has helped to mobilize the communities to participate in the activities. A Board of Trustees comprising of persons from the three TAs heads the organization. The entire management and the Board of trustees are engaged on voluntary basis. The Executive Director is also the local Forestry Extension officer with the Forestry department.	The organization has great potential to evolve into a fully-fledged enterprise. The entrepreneurial concept is very strong among the members and the communities. Up-grading training in enterprise and entrepreneurial development skills is necessary. The organization will operate more effectively if it was to be transformed into a cooperative. Therefore, training in Cooperative formation will be necessary.	The organization and the communities have taken a very keen interest in rehabilitating their environment. The local Forestry Extension officer who is also the Executive Director of the organization, has been very instrumental in providing the communities with technical information on forestry issues. The community is involved in aforestation and Soil and water conservation.	The enterprise and entrepreneurial cultures are very evident of the organization. The Board and key management members require training in enterprise and entrepreneurial development skills. The entrepreneurship development focuses on helping people grow dynamic businesses that provide high value added. The management team must be entrepreneurial in approach to transform the organization into a sustainable entity.	

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**Table 7: Kam'mwamba Sustainable Management of Indigenous Forests (SMIF) – Mwanza**

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Kam'mwamba Sustainable Management of Indigenous Forests (SMIF) - Best practice site. ( <i>Best practice site</i> )	<p>Mlambe/ Bwemba Fruit Juice processing;</p> <p>Guinea Fowl rearing;</p> <p>Indigenous and exotic tree nurseries,</p> <p>Briquette – making (mixture of leaves, paper and wood chippings).</p>	The Traditional Authorities (TAs) and the Headmen of the nine (9) communities are actively involved and have mobilized their communities to work together to rehabilitate the depleted natural resources. Corporate governance training is necessary for all the TAs, the Board of Trustees and the senior management team.	GTZ have developed a structure that will provide for sustainability of the activity by initiating a number of management systems in place, such as Quality control, financial management, market development and business management. The strategy is to develop business linkages through subcontracting, franchising, business clustering and collaborative production networks.	<p>The activities of the Kam'mwamba SMIF are consistent to the architects of natural resource management. The communities are well mobilized because they have realized that they are the direct beneficiaries of the NRB activities.</p> <p>The communities are currently involved in afforestation.</p>	The part of the GTZ's exit strategy is to provide training that will encourage enterprise and entrepreneurial skills in the management team in order to create ownership and sustainability of the enterprise.	<p>GTZ has set up a small central processing unit;</p> <p>Marketing is done by the project with the project advisor (Hans Christian),</p> <p>Products are currently found in major supermarkets certified and approved by MBS.</p> <p>Marketing of the Guinea Fowls is done through the project on behalf of the communities to bargain for better prices.</p>

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**Table 8: Changoima CBNRM – Chikwawa**

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Changoima CBNRM	Guinea fowl rearing,  Bee- keeping  Efficient stove production,  Soil and water conservation  and  Environmental education	The local governance structure is well defined. The Board of Trustees consisting of Traditional Authorities (TAs) and headmen oversee and provide strategic guidance to the executive committee, which is headed by a chairman. The executive committee planning and running the community activities on day-to-day basis and is responsible for task allocation. Corporate Governance training is necessary for the board of trustees and the executive committee.	Many of the activities are in their infancy. The Changoima CBNRM is fortunate to have the political and government support it is enjoying, without which the effort would be frustrating to the communities. This favourable wind of support should be taken advantage of to promote business linkages with large buyers of the honey and guinea fowls.	The project is well under way to rehabilitating its depleted natural resource; trees. The planting and growing of exotic and indigenous trees, soil and water conservation programmes, production of efficient clay stoves, guinea fowl rearing and bee-keeping are activities the community are keen on doing, therefore it is fairly easy to advance them on new concepts of natural resources management.	The enterprise and entrepreneurial culture is now borne in the fibre of the community. The training to up grade the skills will be an added advantage to the community, in that they can sustain the operations of their activities long after any form of aid or assistance is exhausted. The entrepreneurial training required is in business management, financial management, marketing and cooperative formation	The production levels are still insignificant.  The group needs training in marketing.



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***Table 9: Kalino Participatory Fish Farming – Zomba***

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Kalino Participatory Fish Farming	Fish farming,  Guinea Fowl rearing,	The group has about ten members; two from the neighbouring villages and the other eight are from Kalino village. The group is registered and it has a constitution. The Governance structure exists but it is not well defined neither are the roles and responsibilities. Corporate Governance training is necessary.	The group exhibits some degree of development capabilities in that they are able to describe and talk about the form the activity should take in terms of management systems. Evidently they need training that will help them understand the sort of systems to be put in place when the activity assumes to be a fully-fledged NRBE.	The project is aimed at reducing pressure on natural resources by introducing fish farming as alternative source income and fish as a protein source. Other the activities that the group perceives hold promise for the group for commercialisation are Guinea fowl and Cane Rat rearing.	The group is entrepreneurial in their approach and running of the activity. However, the group needs training in enterprise and entrepreneurial development skills.	Production techniques are appropriate for the fish farming;  The market aspect is not yet an issue as the production is still very low.

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***Table 10: Songani Briquette-Making – Zomba***

<i>Name of Organization</i>	<i>Activities (most promising to least)</i>	<i>Local Governance (legal framework)</i>	<i>Development Management</i>	<i>Natural Resource Management</i>	<i>Enterprise and Entrepreneurial development</i>	<i>Production technology and marketing capacity</i>
Songani Briquette – Making	Briquette making from sawdust and paper.	The project is cantered round the church and headed by the clergy. There is need for Corporate Governance training that would define clearly the roles and responsibilities of the Traditional Authorities, the board of trustees and the executive committee.	The project has developed reasonably well and has had 25 of its members undergo Business Management training. The project needs to put management systems in place that will provide a framework as it envisages its growth.	The Songani area is highly populated and the demand for firewood for cooking is huge. The project's aim was to provide sawdust briquettes as an alternative for the firewood. Unfortunately, the sawdust briquette has failed to substitute the firewood as thus, sales are very low and the production has dropped from 350 briquettes per day at inception to 40 briquettes per day. The group is contemplating to start beekeeping for organic honey production. This is feasible because of the pine plantation nearby.	The enterprise and entrepreneurial skills were evident but require further development. The group needs training in entrepreneurship development.	The production is low because sales are low. The briquette is not popular in Songani or in Zomba.  Marketing of the briquette needs a combined effort of key stakeholders, e.g. department of Forestry, the community and initiators of the project.

The natural product concept suggests that there are significant cost-effective options that are not yet explored and developed, but which give reasonable economic returns and are not harmful to the environment but add some value.

## **6.0 COMMERCIALISATION OF NRP**

In order to commercialize these natural resources and products the challenges confronting the NRBEs must be addressed. The main challenges facing these NRBEs are skills, appropriate technology, infrastructure, markets and market information, access to finance, counselling or extension services are inadequate. The additional challenges are posed by policy and business environment in which they operate, which is changing rapidly due to market-oriented reforms and technology change. Concisely the NRBEs operate in a rather hostile environment and commercialization of these enterprises needs long-term interventions and a concerted effort of all key players that is, the Government through the line Ministries, donors and the private sector, this includes big buyers, service providers and the communities within which these NRBEs are located.

### **6.1 Skills**

A number of organizations provide Business Development Services (BDS) such as training to the Micro Small and Medium scale enterprises (MSMEs) in which bracket NRBEs fall. However, the challenge has been for the BDS providers to tailor training along side the real needs of NRBEs. BDS interventions are purely supply led, but a better and ideal approach is for the BDS to provide demand-driven services. The keynote is to select private sector BDS that are entrepreneurial in their approach. Government subsidized institutions have proved to be rather limited in terms of innovation and the quality of service provision.

### **6.2 *Appropriate technology***

Mostly the so-called appropriate technology is a far cry to what is actually required by the NRBEs. There is a wide gap between the big producers and the MSMEs/ NRBEs. The middle level producers are difficult to identify. There is need to identify appropriate technology even if it means obtaining it from elsewhere in the region (South Africa, etc). This will provide a graduated process for NRBE development.

### **6.3 *Infrastructure***

An ideal approach would be to provide the NRBEs with infrastructure to work from. The Government usually leads such an intervention. The Kenya experience has shown that the *Jua kalis* (MSMEs operating under the hot sun), were clustered according to products and provided with shelter/ workshops to operate from and marketing of their products was better coordinated, the quality was standardized and the pricing was uniform.

### ***6.4 Markets and market information***

The marketing aspect of NRBE development is usually understated, but it happens to be one of the most crucial elements. The survival or sustainability of the NRBE is the ability to cut a niche or cover a perceived gap in the market and introduce a product that is natural, innovative or with new product features, stressing quality or value added or competitive pricing. It is however, very important to determine the market potential by conducting a needs assessment or a demand survey.

### ***6.5 Access to finance***

NRBE operators like any other micro or small enterprise limited opportunities to access finance. The traditional lending institutions, commercial banks have stringent prerequisites and conditions, such as collateral, high interest rates, financial track records of the organization-audited accounts by a public accountant, and so on. The legal framework in terms of micro finance is still been tabled before the full cabinet for approval, after which it can be enacted. The existing micro lending institutions have short-term loan facilities. NRBE have a long regeneration period, which is unacceptable to the micro financiers. NRBEs will continually relay on outsider-initiated interventions.

### ***6.6 BDS counselling / extension services***

Counselling services by BDS are inadequate and in certain cases non-existent. The extension services can only be provided if the NRBEs can pay for the services.

## **7.0 ANALYSIS OF HIGH GROWTH POTENTIAL PRODUCTS**

### ***7.1 Organic honey, fruit juice and wild mushrooms***

The NRBEs involved in processing, these are organic honey producers, fruit juice processors and the wild mushroom producers have a much more difficult process to follow, because these products are meant for human consumption and thus they must undergo rigorous scrutiny in terms of hygiene and certification control. In order for NRBEs to create products that are desirable, appealing and able to break into the big city markets, at the same time meeting the Malawi Bureau of Standards certification process, these NRBEs must evolve from micro into small-scale producers with the relevant capacities, such as:

- Appropriate processing equipment, that is either stainless steel, glass or ceramic and technology that is modern and motorized;
- Infrastructure- that is buildings from which they centrally process these products, and which have high hygienic standards to meet the MBS certification and approval; and

- Markets – for most the NRBEs are not necessarily near, therefore a mechanism has to be put in place that these NRBEs get the maximum returns from their products, which means a central buyer, identified by community and chosen using some sort of stringent criteria.

### ***7.2 Guinea Fowl and Cane Rat rearing, Exotic and Indigenous tree Nurseries.***

On the other hand, the producers of Guinea fowl and cane rats, exotic and indigenous nurseries face a different set of challenges. The biggest challenge has been the markets. The demand for guinea fowl and cane rats is generally low. The geographic spread of producers inhibits congruence in pricing and let alone production methods. There is no organization championing the marketing of cane rats. Domestic chickens pose the greatest challenge to the guinea fowl being accepted as a daily relish or dish. The cane rat is little known in many regions of Malawi; therefore it can only be reared and sold in the regions where it is accepted.

Much emphasis has been placed on tree nurseries for exotic and indigenous trees under the COMPASS Small grants programme, where by about 2 million tree seedlings have been raised and 1.7 million trees planted. One major challenge of the project has been to generate tangible monetary benefits. The sale of tree seedlings has realized only small amounts of money. The market for tree seedlings is limited, because the major buyers are community members and they are limited by the availability of funds.

### ***7.3 Curios***

The curio production has but two tales to it, one a success the other not. It is considered a success story because it is an income generating activity for the carvers and a foreign exchange earner for the country. It is not so much a success story from the ecological point of view. It is perceived as a lesser evil than charcoal production. Curios are manufactured from particular tree species such as *Dalbergia melanoxylon*, which is fast becoming locally extinct in certain parts of the country. There is, however, a debate on whether curio production is a sustainable business or a conservation problem. The best material for curios is hard wood, which is a renewable resource. The bulk of carvings are sold to tourists within the country, but many more are sold outside the country. The market for curios is good both within and outside the country. The major weakness of the trade is that, the traders are not organized and their pricing is on an ad hoc basis.

### ***7.4 Fish Farming***

COMPASS has so far funded five aquaculture activities through the small grants program. The activities are mostly perceived as a secondary activity and a protein supplement. Such projects have a potential to thrive within the area where they are located.

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In terms of high potential products such as bee products, wild mushrooms, fruit products and curios, COMPASS also provided useful information, which is presented in the tables below by product type<sup>4</sup>:

**Table 11: Bee Products-SWOT Analysis**

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>♦ Investment are not large and overheads are low: skills are readily available</li> <li>♦ Small amount of time (labour) needed</li> <li>♦ Environmental friendly; gender friendly</li> <li>♦ Productive (remuneration)</li> <li>♦ Multi-purpose products (diversification)</li> </ul>	<ul style="list-style-type: none"> <li>♦ Transport costs can be high</li> <li>♦ Lack of business linkages (no trade association)</li> <li>♦ Poor marketing structures</li> </ul>	<ul style="list-style-type: none"> <li>♦ Many under-utilised areas (Reserves &amp; VFAs): bee keeping in reserves and buffer zones</li> <li>♦ International trade from the region exists</li> <li>♦ Strong local demand</li> <li>♦ International demand is high for natural and community based products</li> <li>♦ Other viable bee products: wax and medicines</li> <li>♦ Indigenous knowledge is available (useful)</li> </ul>	<ul style="list-style-type: none"> <li>♦ Vandalism and deforestation</li> <li>♦ Competition from other products (jams etc)</li> <li>♦ Reliance on transport infrastructure</li> <li>♦ Land availability and possible changes in natural resources policy</li> <li>♦ Constraining trade regulations and international (and local) standards</li> <li>♦ Demand fluctuations</li> </ul>

**Table12: Wild Mushroom-SWOT Analysis**

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>♦ Resource widely available</li> <li>♦ Low economic cost (harvesting)</li> <li>♦ Knowledge is already well developed</li> <li>♦ Markets are good (local selling)</li> <li>♦ Minimal transport costs in many cases</li> </ul>	<ul style="list-style-type: none"> <li>♦ Seasonal production</li> <li>♦ No quality control</li> <li>♦ Difficult access to some production areas</li> <li>♦ Lack of information for promotion</li> <li>♦ Lack of storage facilities</li> <li>♦ Lack of investment for processing and marketing</li> <li>♦ No guidelines or implementation framework for promoting NRBEs</li> </ul>	<ul style="list-style-type: none"> <li>♦ Market growth (local and international)</li> <li>♦ Environmental friendly product is more marketable</li> </ul>	<ul style="list-style-type: none"> <li>♦ Poisoning would reduce consumer confidence</li> <li>♦ Deforestation</li> <li>♦ Drought</li> </ul>

<sup>4</sup> COMPASS Natural Resource Based Enterprises in Malawi: Action Plans (Document 31) June 2001

**Table 13: Fruit Products-SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>♦ Raw material cheap and widely available all year round throughout the country</li> <li>♦ Organic product</li> <li>♦ Healthy product (high in vitamins)</li> </ul>	<ul style="list-style-type: none"> <li>♦ Processing technology is weak (also storage and packaging)</li> <li>♦ Specific fruits are highly seasonal</li> <li>♦ Market is not well established for local dried fruits (lack of consumer confidence, or lack of production and marketing)</li> <li>♦ Hygiene is poor (limited marketability for exports)</li> </ul>	<ul style="list-style-type: none"> <li>♦ High production potential</li> <li>♦ Export market for dried fruit is a good possibility but not for fruit juices</li> <li>♦ Basic knowledge is available on harvesting and processing</li> <li>♦ Public awareness raising and marketing opportunities hold enormous potential</li> </ul>	<ul style="list-style-type: none"> <li>♦ Deforestation</li> <li>♦ New product (market access is difficult)</li> <li>♦ Quality assurance and standards are poor</li> <li>♦ Copy-cat production of successful product (market saturation)</li> <li>♦ Low shelf life</li> <li>♦ Policy framework is weak and risks are high</li> </ul>

**Table 14: Curios-SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>♦ Local and external markets are developed</li> <li>♦ Basic skills are present</li> <li>♦ Raw material are available and are of high quality and value</li> <li>♦ Cultural values are high</li> <li>♦ Competitive prices in comparison to other products</li> </ul>	<ul style="list-style-type: none"> <li>♦ Market is not fully exploited</li> <li>♦ Lack of market intelligence</li> <li>♦ Wastage</li> <li>♦ Bulky and heavy products (high transport costs)</li> <li>♦ Limited creativity</li> <li>♦ Poor institutional support</li> <li>♦ Limited benefits to producers</li> <li>♦ Low prices do not encourage improvement in quality and standards</li> </ul>	<ul style="list-style-type: none"> <li>♦ Export market is strong</li> <li>♦ Enabling policies and donor support</li> <li>♦ Local skill transfer is possible (better quality)</li> <li>♦ Renewable resource if managed properly</li> </ul>	<ul style="list-style-type: none"> <li>♦ Loss of the resources (high value timber) and loss of genetic resources</li> <li>♦ Poverty encourages exploitation (low prices)</li> <li>♦ Lack controls and certification limits marketability (or value) of the products</li> </ul>

These studies provide reasonable evidence for a responsible approach to environmental preservation measures by the same entrepreneurs. While new enterprises may typically make a limited contribution to environmental conservation, it can be argued that when they are educated and see the need for a responsible approach to the natural resources that contribute to their sources of income, reasonable gains will be made in such instances.

Developing a more varied enterprise structure that takes into account greater adaptability to changing economic conditions can attain a high rate of enterprise formation. This will also recognise the fact that it is not only the locality of the enterprises but their qualitative characteristics.

## **8.0 SUMMARY ANALYSIS OF THE ISSUES TO BE ADDRESSED**

The NRBE concept has secured substantial achievements. It has highlighted the needs of the NRBEs and raised the profile of rural development; it has created enduring community partnership amongst the rural community; the small grant scheme has leveraged the business concept of capital injection; and the processes themselves have generally worked well using the most basic techniques. The enabling environment is also growing side by side with the enterprise concept.

### **8.1 NRBE Needs Assessment**

The NRBEs provide a set of constraints that have to be overcome and these are summarised in the following table that highlights the issues, needs, opportunities, problems and solutions:

**Table 15: Needs Assessment**

<b>Issues</b>	<b>Needs</b>	<b>Opportunities</b>	<b>Problems</b>	<b>Solutions</b>
Local governance weak	Members of the local community with some formal education who can help transfer and articulate issues	Corporate structures already exist in the communities	Roles responsibilities not defined and office bearers not always aware of them	Corporate governance training for office bearers, i.e. Boards of Trustees, Executive Committee Members and management teams
Feasibility and sustainability of the NRBE operations	Long term planning	Already operating aware of the production processes and their limitations	NRBEs operating without strategic plans	Training in strategic planning and developing of strategic plan. Enterprise and entrepreneurial skills development.
Institutional set-up (Business marketing and financial systems)	Community members able to manage the NRBEs effectively.	Training Programmes	Lack of harmony of systems, rampant irregularities and lack of transparency.	Set up and institute systems, transformation of NRBE into a cooperative.
Quality assurance control, hygienic standards	Infrastructure technology machinery	CHANCO and Bunda College provide services at a lower cost than MBS	Poor hygienic standards, lack of quality assurance, technology gap,	Operate from infrastructure, acquire utensils approved and certified by



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			and easily accessible	health department
Business linkages	Business advisory services orders	Numerous service providers innovations	Lack of markets and business advisory services	Professional and strategic alliances
Processing and packaging skills	Processing and packaging technology appropriate for small scale enterprises	Growing local and international demand for natural products	Poor processing and packaging techniques	Adaptation of processing and packaging and training
Standardisation of products and pricing	Products are standardised and better and uniform prices	Lack of uniformity of products and prices	Lack of uniformity of products and low prices	Awareness campaign to standardise products and prices

This guidance for the future operation of the NRBE process should address these weaknesses and also seek two other, more general changes. First, it is envisaged that the NRBE process should be made more competitive in order to increase effectiveness. This will mean that the quality of strategies and operating plans and evidence of successful implementation will have an important bearing on the level of funding. Second, the proposal on funding should concentrate the resources on re-organizing the individual NRBEs in the areas of greatest need and tackling the most acute problems in order to transform their operations. It will look for evidence of increased targeting in strategies and work plans. This might take the form of time-limited action plans or task forces to tackle particular problems.

A successful business development concept will also depend on the capacity and willingness of the available service providers in the economy to work with the new ventures. The following table gives a list of some of such service providers and their capacities and relevance:

**Table 16: Service Providers and their capacities<sup>5</sup>**

<b>Name of Service Provider</b>	<b>Geographical Spread</b>	<b>Type of Service</b>	<b>Capacity and Relevance</b>
Development of Malawian Enterprise Trust (DEMAT)	Offices in all districts	<ul style="list-style-type: none"> <li>▪ Business Advisory Services</li> <li>▪ Technical Advisory Services</li> <li>▪ Training</li> <li>▪ Credit Services to all categories of clients subject to meeting DEMAT requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Programmes are provided subject to confirmed funding</li> <li>• Out-Reach programmes with rural areas</li> <li>• Linking beneficiaries to appropriate technologies</li> <li>• Tailor made programmes but</li> </ul>

<sup>5</sup> Data sheet of the BDS providers visited is attached as Annex 6

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			will require substantial external financial and technical support
Malawi Entrepreneurship Development Institute (MEDI)	Located in Mponela Dowa	<ul style="list-style-type: none"> <li>▪ Technical skills training in carpentry, poultry production and bakery</li> <li>▪ Start your Business and improve your Business Training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Programmes are institutional designed.</li> <li>▪ The institution is Government owned</li> <li>▪ Programmes are not directly relevant NRBE</li> </ul>
National Association of Small and Medium Enterprise (NASME)	<ul style="list-style-type: none"> <li>▪ Network association in all districts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Linking members to group credit facilities and other essential support services</li> <li>▪ Advocacy for the MSME sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ Have had a short stint with a mushroom growing project but abandoned due to lack of strategy and focus</li> <li>▪ Have no capacity to initiate an activity</li> </ul>
Malawi Export Promotion Council (MEPC)	Located in Blantyre	<ul style="list-style-type: none"> <li>▪ Assist in Product Development</li> <li>▪ Organise buyer-seller meeting</li> <li>▪ Provide trade infrastructure</li> <li>▪ Extension service to exporter and associates</li> </ul>	<ul style="list-style-type: none"> <li>▪ Directory for trade</li> <li>▪ A going concern is ideal for assessment</li> <li>▪ Appropriate capacity for international market research</li> </ul>
Enterprise Development and Training Agency (EDETA)	Located in Blantyre Trade Fair Grounds	<ul style="list-style-type: none"> <li>▪ Technical Skills Training</li> <li>▪ Value added enterprise development of product</li> </ul>	<ul style="list-style-type: none"> <li>▪ They have skill in training mushroom and bee keeping</li> <li>▪ They can be usefully co-opted in the NRBE development</li> <li>▪ They will require substantial input in outreach services to the NRBE process</li> </ul>
Malawi Industrial Research for Technology Development Centre (MIRTDC)	Located in Blantyre Parastatal	<ul style="list-style-type: none"> <li>▪ Conduct industrial and technological development activities</li> <li>▪ Applied technology</li> <li>▪ Technology assessment and Transfer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Development of technology directory</li> <li>▪ Conducting technology exhibition and technical skills transfer in edible oils, processing bakery skills training, fruit and</li> </ul>

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			vegetable, juice processing and food processing <ul style="list-style-type: none"> <li>▪ Useful for their adaptability</li> <li>▪ Services will require financial input in new or existing product research</li> </ul>
National Association for Business Women (NABW)	Located in Blantyre	<ul style="list-style-type: none"> <li>▪ Promote social and economic status of Women in Malawi through business activities</li> <li>▪ Advisory services and training (linkages)</li> </ul>	Unable to run programmes independently
Achimota Development Centre (ADC)	Located in Blantyre	<ul style="list-style-type: none"> <li>▪ Technical training agency</li> </ul>	Not clear in programme target area
Village Industrial Consulting Services (VICS)	Located in Blantyre	<ul style="list-style-type: none"> <li>▪ Training and provision of appropriate technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Linkages in oil processing</li> <li>▪ Lack the institutional capacity to conduct a programme with own resources</li> </ul>
Small Enterprise Development of Malawi (SEDOM)	Located in Blantyre but has support services in all the districts	<ul style="list-style-type: none"> <li>▪ Provides loans to activities of manufacturing, processing, maintenance and repairs, service industry, construction and mining, hotels and tourism, textiles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Support to NRBE will be done on satisfactory fulfilment of loan conditions</li> <li>▪ Have the experience with up coming small enterprises but would not be willing to be involved in experimentation.</li> </ul>
The Foundation of International Community Assistance (FINCA)	Blantyre Head Office with thirteen sub offices throughout the country	<ul style="list-style-type: none"> <li>▪ Capital for small businesses for women</li> </ul>	<ul style="list-style-type: none"> <li>▪ Is still in its teething period</li> <li>▪ Specialising in women entrepreneurship of employed clients.</li> </ul>
The Wildlife and Environmental Society of Malawi	Located in Limbe	Advocacy	Working relationship with COMPASS
Malawi Bureau of Standards (MBS)	Located in Blantyre	Certification of locally manufactured Products	Necessary for export market penetration
Business Expansion and Entrepreneurship	Located in Blantyre	<ul style="list-style-type: none"> <li>▪ Developing entrepreneurial strategies</li> </ul>	They conduct programmes of trainer of trainers

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Development (BEED),		<ul style="list-style-type: none"><li>▪ Situational change management</li><li>▪ Simulation of business start-up</li></ul>	
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From the table it can be noted that most of the service providers merely serve as linkages to another set of services, which renders efficiency of their services questionable. In order for NRBE to derive maximum and cost effective results such a situation would need to be revisited by COMPASS who would initiate negotiations on an acceptable service provision and linkages. The NRBE members may not have the flair for such intricate discussions and many members are illiterate.

***8.2 NRBE Matrix-Enterprise Structure***

Three areas where COMPASS might concentrate its attention in giving advice to rural enterprises would be: environmental responsible management, natural product regeneration and community ownership. Once these issues are implemented the key deliverables of the entire effort will yield the following results:

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***Table 21: NRBE Matrix-Enterprise Structure***

<b>Type of Enterprise</b>	<b>Objective (Business development skills)</b>	<b>Output (Strategic Policy)</b>	<b>Activity (Management and Marketing skills)</b>	<b>Inputs (Infrastructure and material support)</b>	<b>Budget (Access to capital)</b>	<b>Performance Indicators (Linkages with key service providers)</b>
Honey (non-seasonal)	To keep bees	Honey Products	Processing of honey into final marketable product	Trained staff, bee nests, collection urns, bottles	Credit and loans from financial institutions	Well-defined policies with ease of coordination, implementation, monitoring and evaluation.  Cost effectiveness, locative and technical efficiency
Wild Mushrooms (seasonal)	To harvest wild mushrooms	Edible mushrooms	Processing either sun drying or fresh packaging Consider domesticating & growing in controlled houses	Local skills available. Training in hygienic procedures and packaging	Own capital, and small credits to meet gap for packaging	Quality of product and standardization with Food and Poisons Board
Fruit Juices (seasonal)	To harvest wild fruits	Edible and non edible fruits	Processing – for fruit juices, oil extraction and medicinal	Training and local skills. Hygienic procedures and packaging	Own capital, and loans for light machinery and equipment and packaging materials.	Quality of product and standardization with Food and Poisons Board
Curios (non-seasonal)	To add value to wood products	Hard wood	Processing for curios	Re-training and local skills into cost effective (non-wasteful products) higher value curios	Own capital, and loans for light machinery and equipment	Quality of product and international demand

## 9.0 BUSINESS DEVELOPMENT SERVICES TOOL KIT

### 9.1 Exit Strategy

Consistent with the fact that donor programmes are time bound, COMPASS activities should have a clear exit strategy defined from the beginning. The exit strategy should be linked to the achievement of the market development objectives – for example, the creation of sustainable linkages between sellers and buyers or the development of viable products tailored to the upper levels of the market, such as supermarkets, hotels and restaurants for the local market and then for the international market (see Diagram 1: proposed marketing model below).

In order to transform NRBEs into commercial entities, a process should be initiated that will enable the NRBEs to sustainable and remain viable. The process comprises phases that integrate this transformation with other support and follow-up activities. The phased approach is appropriate, because the environment is complex; therefore a multifunctional range of support to these NRBEs would be more effective. The phases are outlined below:

- *Empowerment and capacity building phase;*

This phase includes orientation, awareness, and development of competencies, skills, experience and change of attitudes.

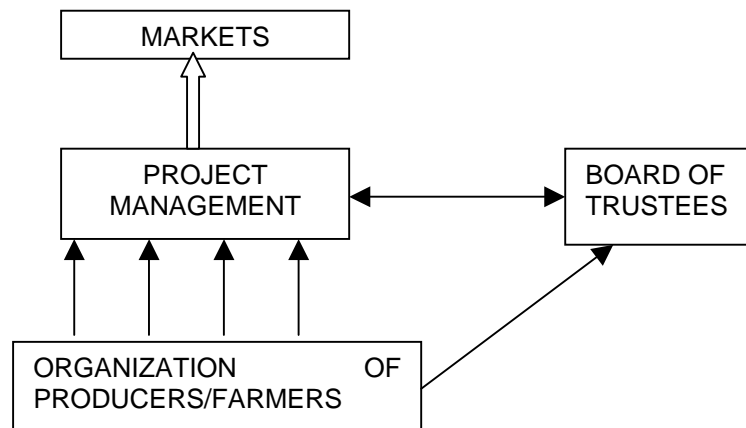
- *Institutional set-up phase;*

This phase includes defining roles for boards of trustees and management, putting in place management, financial, communication and marketing systems. Establishing professional partnerships with such institutions as enterprise Development and Training Agency (EDETA) for technical training, Malawi Industrial Research and Technology Development Centre (MIRTDC) for appropriate technology, and Chancellor College (CHANCO) Industrial Support Unit of the Department of Chemistry for food sample testing.

- *Sustainability and self financing;*

This phase includes NRBEs being able to secure substantial orders and servicing them on time, acquiring specialist personnel for management positions, purchasing and maintaining modern technology for improvement of the production process.

**Diagram1: The proposed marketing system model.**



### ***9.2 Working Business Strategy***

An essential part of the NRBE process will be the production of a business strategy, which identifies need, opportunities and resources within the NRBE and sets objectives and a framework for action.

The individual committees should look for improvement in the quality and operational relevance of NRBE strategies by product. The establishment of satisfactory strategy is a pre-condition for project funding. Strategies will be expected to have the features set out below.

- NRBE strategies should look ahead over the next three years or so but concentrate mainly on the first year. Strategies will be subject to a full review each year as part of the process of up-dating operating plan (see below).
- Strategies should be based on an assessment of social and economic trends and conditions in the NRBE and needs and opportunities to which they give rise.
- There should be some assessment of the resources likely to be available from each of the community members in support of the strategy. There should also be a reference to the potential private sector support available where this can be quantified.
- The strategy should identify the areas of greatest need, any particularly disadvantaged groups and the most serious problems within the NRBE and show how resources and effort would be targeted mainly to tackling them.
- The strategy should have clear objectives and priorities, be realistic and achievable, and propose indicators against which changing conditions in the NRBE and the outputs of the NRBE can be monitored and evaluated.

- It should make clear the extent of the involvement of each partner organization and the degree of support likely from other relevant bodies

In some rural areas other strategies exist which also address the economic and social needs of rural communities and businesses. These include rural or countryside strategies, elements of structure plan, strategies prepared in connection with other funding and other strategies. NRBE strategies should take account of analysis and plans contained in these other strategies and not duplicate work done elsewhere. However the approach will expect NRBE strategies to be self-contained presentations of the plans for the NRBE and to make clear both how they relate to the community's goals and objectives (as set out in its annual corporate plan which is circulated to NRBE committees) and how the resources to be sought from external sources will be used.

### ***9.3 Operating plans***

Strategies will be translated into action via annual rolling operational plans. The project proposal will provide indicative financial projections for each NRBE annually and will then commit resources on a continuous basis through the year as proposals are firmed up and justified. Committees will wish, however, to review the operating plans at a fixed point each year in order to:

- Check performance against targets in the past year;
- Ensure that commitments and plans fit with priorities and resources;
- Allow for adjustments to be made in the light of changing needs, priorities or resource availability;
- Provide the opportunity for both national and local statements about what has been achieved. Each NRBE will have to publish a brief annual report and the committees would draw these together into a national statement.

Operating plans must be clearly designed to fulfil the NRBE strategies. The individual components must be costed, sources of finance shown and expected outputs or results shown. This information must be fully detailed for the first year of the rolling plan, with outline figures for years two and three.

Operating plans will be expected to set specific projects or proposals for tackling such issues as:

- improving the conditions for business growth;
- improving individual member's income;
- economic diversification or regeneration;
- maintaining improving local services;
- helping disadvantaged groups;
- promoting environmental improvement where it will assist economic and social regeneration.



In particular, they will be expected to show how these or similar actions are being concentrated on the area or problems identified as deserving highest priority in the strategy. Operating plans should also show how their various proposals are interrelated and how they relate to the other work of partners and other organisations in rural areas.

COMPASS will issue guidance on the range of activities in a project, which are still eligible for small grants funding.

### ***9.4 The Resources***

The NRBE process should not be seen primarily as a means of securing resources from the financial institutions but as a means of facilitating a co-ordinated and strategic approach to the needs of the growth of NRBEs.

Thus the first question, which NRBE partners may need to ask themselves is whether, they are directing enough of their own core resources and effort to the issues and objectives identified in the NRBE strategy. Where a real gap exists because of shortage of resources locally or the inability of local programmes to address the identified needs, the committee will consider applications for assistance from micro-finance institutions.

Those responsible for preparing and rolling forward operating plans in each NRBE need to know how much financial help they are likely to receive from other sources each year. At present, small grants allocations take account of relevance to natural resource based activity, however there is no precise formula; actual expenditure in each area is influenced by the compatibility to the perceived idea, the quality is questionable the ability of partners to take up funds quickly; and the distribution is skewed towards the NRBEs to which the COMPASS' workspace programmes are confined.

In future, the approach proposes to be guided by a formula for allocating its resources to NRBEs that takes account of relative need, as assessed by a range of indicators, and population.

The indicative allocations will be modified in practice to take account of the following factors;

- new or emerging problems in NRBE not reflected in the indicators;
- the quality of the strategies, operating plans and projects submitted;
- achievement of previous targets and the likelihood of NRBE partners implementing approved proposals quickly and effectively,

In addition to direct support from the small grants to projects coming up through the NRBE process there are other external sources of support, which need to be harnessed and influenced:

- the private sector, directly as investors or corporate sponsors, and indirectly through poverty alleviation funds like the highly indebted poor countries (HIPC) funds.

### ***9.5 Staffing***

The other essential component for a successful NRBE process is the skill of the staff of a cooperative to secure implementation of the operating plans acceptable to a financing house. Most NRBEs have had the services of an individual or individuals in the community working towards a common output with the most rudimentary skills. The approach strongly recommends that communities that wish to operate NRBEs, should appoint a NRBE officer or in the initial stages a COMPASS official whose tasks would include servicing committees, co-ordinating the preparation of a strategy and operating plans, encouraging the submission of good quality projects and managing the implementation of the operating plan.

### ***9.6 Keeping in Touch***

One of the main weaknesses of the current NRBE system has been the difficulty in sharing information about good practice and innovation between individual NRBEs.

It will be expected that a close working relationship between or liaison officers and the NRBE full time staff will quickly lead to much better transfer of information and intelligence and the setting up of informal networks. This in itself will not be enough and it is envisaged that holding annual 'keeping in touch' seminars on a regional basis from time to time will augment.

It is also proposed that other fora would be identified through which rural development can be discussed from time to time. These could include the local authority associations, and other representative groups, which have a stake in the development of the rural areas.

## **10.0 CONCLUSIONS AND RECOMMENDATIONS**

In terms of development, villagers may not always feel that they are the direct beneficiaries, or they may feel that the means to affect a change in their communities are beyond their reach.

Some of the challenges facing collective or community action include: fear of the unknown, and suspicion that others may benefit more than the individual; individual ownership of activities and lack of awareness of the benefits and logic of collective action; strong systems of local leadership that discourage non-traditional leaders; difficulties caused by unequal input to activities when action becomes collective; and lack of time to devote to activities other than basic subsistence.

The COMPASS approach provides an integrated package of policy, technology and investment strategies together with appropriate decision-

making tools which are used together to promote sustainable livelihoods by building on local adaptive strategy. Using this approach, therefore gives the government, communities and stakeholders methodologies, techniques and tools for comprehensive, cross-sectoral and participatory manner. Participatory techniques, applied at all levels of society, are an essential feature. In this way, there is an appropriate balance to develop and promote a top-down and bottom-up plan of action.

### ***10.1 Recommendations***

#### ***i. Focus on technical assistance and incentives***

COMPASS should concentrate on support for facilitation, technical assistance and incentives to encourage competitive performance of old and budding NRBEs, innovations, and the development of the appropriate products. These types of interventions require less financial outlay, but a higher level of skill and market knowledge on the part of the promoters.

#### ***ii. Selection of service providers***

Successful Business Development Service providers should be those that deliver services in a business-like manner. They should be demand-led, entrepreneurial in their approach and act as commercial market players. The choice of BDS providers should be guided by the principle of subsidiary: delegating responsibility to the lowest possible level and to those who are closest to the NRBEs, both geographically and socially. The BDS provider should be independent and private sector based. Diagram 2 below demonstrates the linkages between the Government/ donor intervention through a facilitator e.g. USAID/ COMPASS to private sector service providers, e.g. EDETA, to the NRBEs.

#### ***iii. The best practice experience***

The best practice experience should be duplicated in other NRBEs. Exchange visits can be organized for communities involved similar activities.

#### ***iv. Entrepreneurship development***

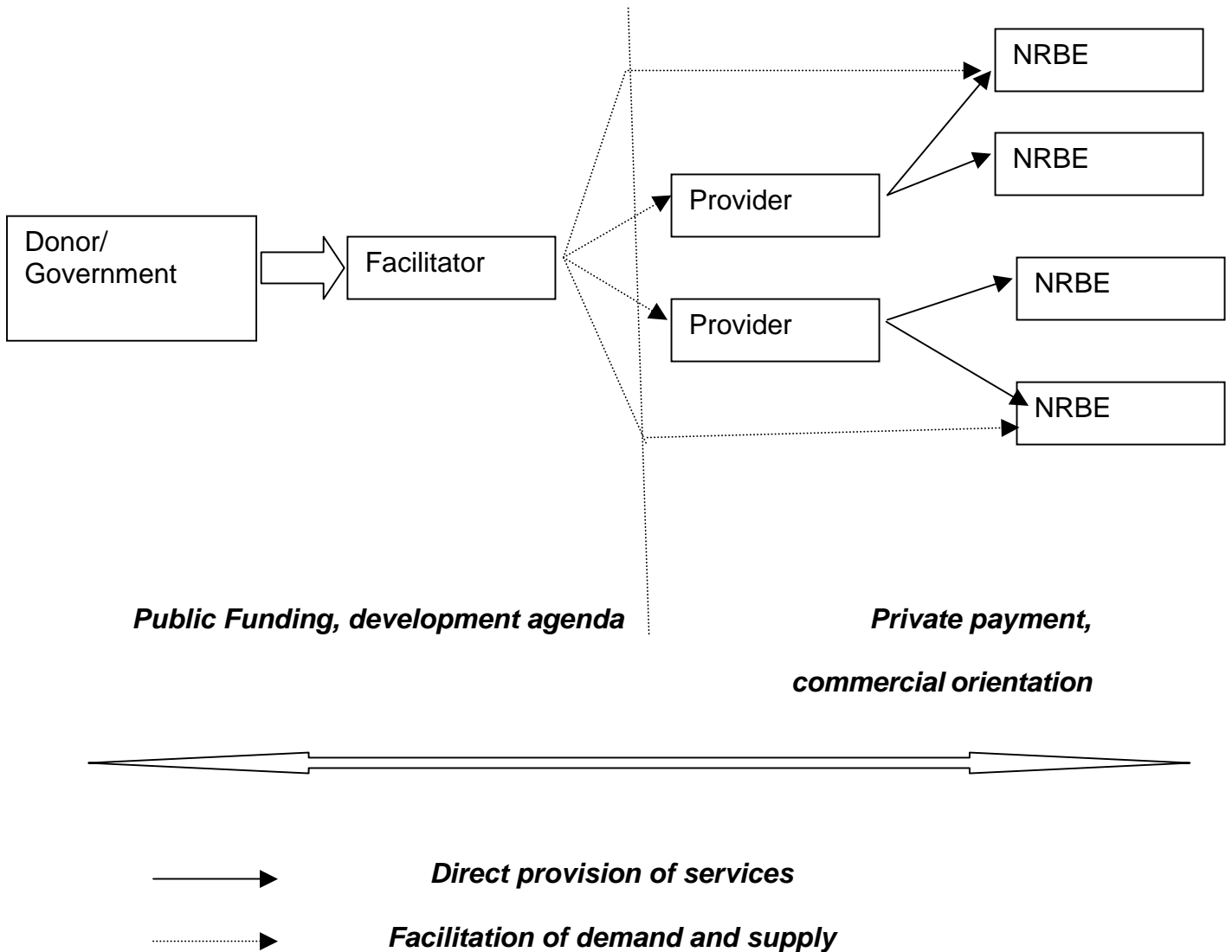
Entrepreneurship development should be internalised so that it has the momentum and capability to continue and expand through local efforts, because activities initiated from outside the community often take longer to become sustainable.

#### ***v. Infrastructure, Technology and processing equipment***

For NRBEs to develop and be sustainable, they need to have the right infrastructure, technology and processing equipment that would enable them to hygienically process and produce their products so as to meet high standards and substantial orders.

### *vi. Practical Training*

Vocational training and programmes that focus on teaching mastery of the skills and procedures encountered by NRBE personnel in their day-to-day operations have the greatest effect.



**Diagram 2:  
Approach to facilitate Service Provider Development**

## **11.0 ACTION PLAN**

In order to firm up the COMPASS efforts the following action plan drawn up after having analysed the strengths, weaknesses, opportunities, and the threats of the NRB products. Issues, needs, problems were identified stemming from the SWOT analysis that should be addressed. The Action plans given below provide a framework and time frame as well as the issue to be addressed and by whom, to guide the process of transforming the various NRB activities into viable and sustainable NRBEs.

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**Table 17. ORGANIC HONEY PRODUCERS ACTION PLAN**

<b>Action</b>	<b>By whom</b>	<b>When</b>	<b>Outcome</b>
1. Local Governance training	COMPASS/ DMA BDS Specialist	To start immediately but process could take at least 12 months.	Roles and responsibilities of TAs, Boards of Trustees, and Executive Committees spelt out, hence better management of NRBEs.
2. Strategic planning and development of strategic plans	COMPASS/ DMA BDS Specialist		Communities/ producers better placed to meet and overcome challenges facing NRBEs development.
3. Institutional set-up	COMPASS/ DMA BDS Specialist		Relevant management systems and tailored to meet NRBE needs and improved management of NRBEs.
4. Business and Financial management training	COMPASS/ DMA BDS Specialist/ EETA		NRBE capacities and management improved.
5. Process, quality control and product standardization training	EETA/ BUNDA/ CHANCO -		Efficient processes, high quality and standardized products. Better market penetration.
6. Business linking – market demand survey	COMPASS/DMA BDS Specialist/MEPC		Sustainable use of natural resources and sustainable profits.
7. Cooperative formation training	Ministry of Commerce and Industry – Cooperatives department		NRB community activities transformed into viable business and self-financing entities.

**Table 18: FRUIT JUICE PRODUCERS ACTION PLAN**

<b>Action</b>	<b>By whom</b>	<b>When</b>	<b>Outcome</b>
1. Local Governance training	COMPASS/ DMA BDS Specialist	September – October 2002	Roles and responsibilities of TAs, Boards of Trustees, and Executive Committees spelt out, hence better management of NRBEs.
2. Strategic planning and development of	COMPASS/ DMA BDS Specialist	November – January (2002/2003)	Communities/ producers better

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strategic plans			placed to meet and overcome challenges facing NRBEs development.
3. Institutional set-up	COMPASS/DMA BDS Specialist	February – April 2003	Relevant management systems and tailored to meet NRBE needs and improved management of NRBEs.
4. Process, quality control and product standardization training.	EDETA/ Bunda/ CHANCO/ Magomero	January – April 2003	Efficient processes, high quality and standardized products. Better market penetration.
5. Business linking – market demand survey	COMPASS/DMA BDS Specialist/MEPC	May – June 2003	Sustainable use of natural resources and sustainable profits.
6. Cooperative formation training	Ministry of Commerce and Industry – Cooperatives department	July – September 2003	NRB community activities transformed into viable business and self-financing entities.

**TABLE 19: WILD MUSHROOM PRODUCERS ACTION PLAN**

<b>Action</b>	<b>By whom</b>	<b>When</b>	<b>Outcome</b>
1. Sensitisation campaigns of canned and dried Mushrooms, and potential market survey.	COMPASS, Greenline, MIPA, BDS Specialist	September – October 2002	Mushroom markets identified and demand is established.
2. Local Governance training	COMPASS/ DMA BDS Specialist	September – October 2002	Roles and responsibilities of TAs, Boards of Trustees, and Executive Committees spelt out, hence better management of NRBEs.
3. Strategic planning and development of strategic plans	COMPASS/ DMA BDS Specialist	November – January (2002/2003)	Communities/ producers better placed to meet and overcome challenges facing NRBEs development.
4. Institutional set-up	COMPASS/ DMA BDS Specialist	February – April 2003	Relevant management systems and tailored to meet NRBE needs and improved management of NRBEs.
5. Process, quality	Greenline, EDETA/	January – April 2003	Efficient processes,

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control and product standardization training.	Bunda/ CHANCO/ Magomero/ FRIM		high quality and standardized products. Better market penetration.
6. Business linking – market demand survey	COMPASS/DMA BDS Specialist/MEPC	May – June 2003	Sustainable use of natural resources and sustainable profits.
7. Cooperative formation training	Ministry of Commerce and Industry – Cooperatives department	July – September 2003	NRB community activities transformed into viable business and self-financing entities.

**TABLE 20: CURIO (CARVERS) ACTION PLAN**

<b>Action</b>	<b>By whom</b>	<b>When</b>	<b>Outcome</b>
1. Local Governance training	COMPASS, Greenline, MIPA, BDS Specialist	September – October 2002	Roles and responsibilities of TAs, Boards of Trustees, and Executive Committees spelt out, hence better management of NRBEs.
2. Strategic planning and development of strategic plans	COMPASS/ DMA BDS Specialist	November – January ( 2002/2003)	Communities/ producers better placed to meet and overcome challenges facing NRBEs development.
3. Institutional set-up	COMPASS/ DMA BDS Specialist	February – April 2003	Relevant management systems and tailored to meet NRBE needs and improved management of NRBEs.
4. Business linking – market demand survey	COMPASS/DMA BDS Specialist/MEPC	May – June 2003	Markets identified,
5. Cooperative formation training	Ministry of Commerce and Industry – Cooperatives department	July – September 2003	NRB community activities transformed into viable business and self-financing entities.
6. Training in new designs and improved skills,	Forestry department, TEVET	September – December 2002	

## **ANNEX 1**

### **TERMS OF REFERENCE (TOR) BUSINESS DEVELOPMENT AND MARKETING STRATEGY COMPASS**

#### **Background/Justification**

In response to the objectives of USAID/Malawi's Strategic Objective 6 - Sustainable Increases in Rural Income, COMPASS has been exploring opportunities for promoting and supporting natural resource-based enterprises (NRBEs) in Malawi. Specifically, COMPASS undertook an assessment of opportunities for creating NRBEs (COMPASS Document 29 - Natural Resource Based Enterprises in Malawi (April 2001)) and organized a forum of key government, NGO and private sector representatives in June 2001, which prepared a series of action plans (COMPASS Document 31 - Natural Resource Based Enterprises in Malawi: Action Plans (June 2001)). In addition, through the COMPASS small-grant facility we have supported several small natural resource-based enterprise development projects that have attempted to build on the earlier groundbreaking work. To date, the emphasis has been on honey production and fruit processing but curio making and marketing and wild mushroom harvesting have also attracted interest though, as yet, no such projects have been supported by COMPASS.

The approach has allowed COMPASS to test partnerships and the capacity building requirements for promoters and practitioners under a range of implementing conditions, while concentrating efforts within a limited area to facilitate vertical linkages between national, district, and local partners. It is worth noting that COMPASS did not face serious hurdles and was thus able to provide well-structured processes for disbursement of grants and procedures for project management by grantees.

There were, however, several new challenges that arose with regard to the support services offered through the grants facility. The initial problem was that the applicants did not have the primary knowledge of their proposed business venture; hence there was no evidence of the development of clear best practices or any guarantee of sustainability for the ventures. Nevertheless, several activities with a high growth potential were identified and these have provided a platform for development with a focus on increasing rural incomes. Among those that seem to provide high growth potential are the following: i) organic honey production, ii) fruit juice processing, iii) wild mushroom production and iv) curio production. Their higher potential rests on two conditions: first, many rural communities are already producing these items; and, second, there exist internal markets that seem to hold hope for expansion into national and regional markets.

These activities have specific constraints that call for a more aggressive implementation strategy in some key areas, in particular capitalisation, management and marketing skills, business development skills,



infrastructure and material support, and risk taking (the ability of the entrepreneur to re-invest and grow to the next level of business). The identified high-potential activities operate independently without comprehensive marketing strategies that do not take into account linkages in demand and supply (buyers and producers).

Another very important constraint is the ability to generate comprehensive information to enable the development of a NRB MSE Sector approach or master plan that indicates economically viable trades and products, supported with detailed plans for each viable product and specifications of capital-adequacy levels, equipment and tools, legal and registration procedures.

Despite having made considerable advances in this area, if COMPASS does not provide more targeted support to the small enterprises, there is a danger that the sector will stagnate unless additional input is made in form of a "role-building programme". A realistic programme should aim at designing mechanisms that will allow sustainability after the withdrawal of the small grants scheme. Needless to say, part of the responsibility for this should rest with the participating rural communities and individual entrepreneurs but they require the support of an efficient information network.

There are several organizations in Malawi that already provide support to small businesses. Some of these provide technical services, some provide financial support and some provide both. The organizations include BEED/CEFE, TEVET, EDETA, SEDOM, DEMATT, FINCA, CABUNGO and the EU Institutional Support to the Private Sector. In addition, several projects and programs such as COMPASS and the World Bank's Lower Shire Protected Area Management Project have undertaken baseline work on establishing community-based NRBEs. Two other organizations, Business Consult and Tradecraft are also providing support services to small businesses in the form of basic management training and building markets.

This scope of work is the first of two that will be implemented simultaneously. The present assignment will focus on the assessment of existing NRBE needs and capacity. The second will focus on the capacity of BDS providers to meet the needs of existing and future NRBEs. In collaboration, the two short term technical assistants responsible for fulfilling these terms of reference will produce a report that outlines their findings and spells out how COMPASS can assist NRBEs or BDS providers improve their capacity to develop these enterprises.

**Objective:**

The main objective of this proposed assignment is to consolidate the accomplishments of COMPASS by more clearly identifying the constraints to expanding potential high-growth activities in the natural resource sector. This will be achieved by undertaking an assessment of the sector in terms of the needs of entrepreneurs and the capacity of service providers to fulfil these needs. This will enable COMPASS to design and develop a

support programme for the Natural Resource-Based Enterprise sector that will provide networking information, collaboration in NRB Enterprise Development, product diversification and intensification, marketing and market research.

**Tasks:**

- 1 - Assess the needs of existing NRBEs of different sizes and working in different sectors. Establish their capacities and limitations in terms of organizational development, business management skills, human capacity, access to information (innovative ideas), access to credit, production technology and marketing capacity.
- 2 - Assess which of the natural resources and products that COMPASS has identified hold the most promise for commercialisation by micro, small and medium scale enterprises with an emphasis on community-based enterprises or ventures that have rural communities as partners. Are there other products that hold promise for commercialisation in the eco-tourism, fisheries and wildlife sectors?
- 3 - Establish the requirements of community-based NRBEs with regard to Business Development Services ranked according to the type and size of the enterprises.
- 4 - Develop a NRBE BDS toolkit that identifies what services are available from different organizations and spells out what levels of skill are required in different areas for the high-potential products that have been identified.

**Outputs and Deliverables:**

A report providing details that constrain expansion, facing NRBEs in Malawi. The report will summarize the findings of the needs assessment of existing NRBEs. It will also evaluate the potential to create and expand NRBEs founded on the key products that COMPASS has identified previously. Most importantly, it will assess the capacity of key organizations to provide Business Development Services to budding NRBEs. Finally, the report will outline a program that expands on how COMPASS should itself support the provision of improved BDS in the NRBE sector.

**Work Schedule and Reporting Relationship:**

The technical assistant will report to Andrew Watson, COMPASS Chief of Party. The Work Schedule will be as follows:  
Days 1 and 2: Travel to COMPASS Offices in Blantyre and discuss the Scope of Work and implementation plan with COMPASS staff. Days 3 to 10: Visit actual and budding NRBEs of different sizes (micro, small and medium) in different sectors (forestry including non-timber forest products, fisheries, and wildlife including tourism) and assess

their organizational and entrepreneurial capabilities, financial viability and BDS needs. The list should include NRBEs supported by COMPASS and other projects and programs as well as prospective NRBEs such as the evolving Village Trusts around Lake Malawi National Park and in the Lower Shire.

Day 11 and 12: Collaborate with the second technical assistant on preparing a synthesized report as outlined above.

### **Background/Justification**

In response to the objectives of USAID/Malawi's Strategic Objective 6 - Sustainable Increases in Rural Income, COMPASS has been exploring opportunities for promoting and supporting natural resource-based enterprises (NRBEs) in Malawi. Specifically, COMPASS undertook an assessment of opportunities for creating NRBEs (COMPASS Document 29 - Natural Resource Based Enterprises in Malawi (April 2001)) and organized a forum of key government, NGO and private sector representatives in June 2001, which prepared a series of action plans (COMPASS Document 31 - Natural Resource Based Enterprises in Malawi: Action Plans (June 2001)). In addition, through the COMPASS small-grant facility we have supported several small natural resource-based enterprise development projects that have attempted to build on the earlier groundbreaking work. To date, the emphasis has been on honey production and fruit processing but curio making and marketing and wild mushroom harvesting have also attracted interest though, as yet, no such projects have been supported by COMPASS.

The approach has allowed COMPASS to test partnerships and the capacity building requirements for promoters and practitioners under a range of implementing conditions, while concentrating efforts within a limited area to facilitate vertical linkages between national, district, and local partners. It is worth noting that COMPASS did not face serious hurdles and was thus able to provide well-structured processes for disbursement of grants.

There were, however, several new challenges that arose with regard to the support services offered through the grants facility. The initial problem was that the applicants did not have the primary knowledge of their proposed business venture; hence there was no evidence of the development of clear best practices or any guarantee of sustainability for the ventures. Nevertheless, several activities with a high growth potential were identified and these have provided a platform for development with a focus on increasing rural incomes.

Among those that seem to provide high growth potential are the following: i) organic honey production, ii) fruit juice processing, iii) wild mushroom production and iv) curio production. Their higher potential rests on two conditions: first, many rural communities are already producing these items; and, second, there are existing internal markets that seem to hold hope for expansion into national and regional markets.

These activities have specific constraints that call for a more aggressive implementation strategy in some key areas, in particular capitalisation, management and marketing skills, business development skills, infrastructure and material support, and risk taking (the ability of the entrepreneur to re-invest and grow to the next level of business). The identified high growth potential activities operate independently without comprehensive marketing strategies that do not take into account linkages in demand and supply (buyers and producers).

Another very important constraint is the ability to generate comprehensive information to enable the development of a NRB MSE Sector approach or master plan that indicates economically viable trades and products, supported with detailed plans for each viable product and specifications of capital adequacy levels, equipment and tools, legal and registration procedures.

Despite having made considerable advances in this area, if COMPASS does not provide more targeted support to the small enterprises, there is a danger that the sector will stagnate unless additional input is made in form of a "role-building programme". A realistic programme should aim at designing mechanisms that will allow sustainability after the withdrawal of the small grants scheme. Needless to say, part of the responsibility for this should rest with the participating rural communities and individual entrepreneurs but they require the support of an efficient information network.

The assignment will entail developing a detailed outline for support to the growing NRBE sector based on the COMPASS baseline survey. It is intended to provide sufficient detail for targeting technical and financial support primarily through the Small Grant Program. The enterprises should be developed to meet viable standards necessary for the ventures to attain legal registration or to have a certificate of association. With such micro and small enterprises there may be problems of building collateral. An initial grant from COMPASS can help establish the basic structure but as the enterprise grows it is essential to develop mechanisms that provide some form of collateral that is specific to such organisations.

It is not automatic that once a business starts it will immediately be a profitable entity, there will be a need to design an amortisation schedule and an investment plan for each line of business. This will provide guidance on priorities to entrepreneurs and is conditional to financial institutions releasing resources. There is also a need to run through a series of risk taking strategies to allow a fair assessment by the entrepreneur of whether it is worthwhile to take the risk in this new line of activity as full time venture or to hedge the risk in some way.

We recognise that there will be need to train the entrepreneurs on business development skills. This may entail linking up with other forms of enterprises existing within the area or further a field. It will be

necessary to consult with NGOs and other players in the field to establish the best way for these new ventures to enter the main stream of financial and other support services. The location of the ventures is often in remote areas of the country where access to services is a problem.

One approach will be to establish mechanisms for involving local authorities, chiefs and others in helping define strategies for encouraging community support in developing the enterprises. Identification of potential individuals through the local authorities may be useful in the short term. There may, however, be a need to develop a system that will cater for investment in the medium to long term. Criteria will be explored and developed that will be acceptable to potential financiers.

Within the community there will be need to develop some central clearinghouse for information or a facility for skills development for the Natural Resources Based Enterprises and for continued provision of business skills and services to ensure there is continuity following the completion of the COMPASS small grant funding.

There are several organizations in Malawi that already provide support to small businesses. Some of these provide technical services, some provide financial support and some provide both. The organizations include BEED/CEFE, TEVET, EDETA, SEDOM, DEMATT, FINCA, CABUNGO and the EU Institutional Support to the Private Sector. In addition, several projects and programs such as COMPASS and the World Bank's Lower Shire Protected Area Management Project have undertaken baseline work on establishing community-based NRBEs. Two other organizations, Business Consult and Traidcraft are also providing support services to small businesses in the form of basic management training and building markets.

This scope of work is the second of two that will be implemented simultaneously. The present assignment will focus on the capacity of BDS providers to meet the needs of existing and future NRBEs. The second will focus on the assessment of existing NRBE needs and capacity. In collaboration, the two short term technical assistants responsible for fulfilling these terms of reference will produce a report that outlines their findings and spells out how COMPASS can assist NRBEs or BDS providers improve their capacity to develop these enterprises.

**Objective:**

The main objective of this proposed assignment is to consolidate the accomplishments of COMPASS by more clearly identifying the high growth potential activities. This will be achieved by designing and developing a support programme for the Natural Resource-Based Enterprise sector that will provide networking information, collaboration in NRB Enterprise Development, product diversification and intensification, marketing and market research. This will itself be based on an assessment of the capacities of the various BDS providers that are currently operating in Malawi. This will enable COMPASS to design and develop a support

programme for the Natural Resource-Based Enterprise sector that will provide networking information, collaboration in NRB Enterprise Development, product diversification and intensification, marketing and market research.

**Tasks:**

The overall objective of the entire effort is to tailor enterprise development to improvement in rural incomes based on sound management of natural resources. A careful strategy will be developed and promoted to ensure that the enterprise development activities do not exclude the intended beneficiaries, which are ultimately those already heavily dependent on natural resources. Low literacy levels are a major constraint in many areas that this effort will build a training component that will play a significant role in capacity building, which will include business management skill and product development know-how.

The short-term technical assistant will elucidate the types of support that are currently available for NRBE development within rural communities. The work will include an assessment of available BDS and assessment of the available demand-oriented training and technical assistance programs.

1 - Analyse the capabilities of BDS providers with respect to institutional and commercial aspects of micro and small enterprises (MSE) in the main natural resources sectors (forestry, fisheries and wildlife). These will specifically include:

- Support for structuring MSMEs and their operations
- Building the capacities of the MSMEs and their operations (developing business plans).
- Assisting in the development of the legal frameworks and the constitutions of CBOs and NRBEs
- Implementing rigorous but appropriate financial systems
- Training in cost-benefit analysis for the enterprises
- Assessing the economic, social and natural resource implications of the enterprises Marketing support
- Technical assistance for basic business administration (including but not limited to cash flow, reinvestment, taxes, insurance etc.)

2 - Identify additional support services through networking of information of NRB products with regard to technologies, information, financial services, and credit, business opportunities, quality raw materials and infrastructure relevant to the sector.

3 - Identify actual and potential linkages with ongoing sub-sector programmes and projects undertaken by other players in the country whether bi-lateral, multilateral or donor agencies as well as NGOs.

4 - Develop a NRBE BDS toolkit that identifies what services are available from different organizations and spells out what levels of skill are required in different areas for the high-potential products that have been identified.

### **Outputs and Deliverables:**

A report providing and detailing the constraints facing expansion of NRBEs in Malawi. The report will summarize the findings of the needs assessment of existing NRBEs. It will also evaluate the potential to create and expand NRBEs founded on the key products that COMPASS has identified previously.

Most importantly, it will assess the capacity of key organizations to provide Business Development Services to budding NRBEs. Finally, the report will outline a program that expands on how COMPASS should itself support the provision of improved BDS in the NRBE sector.

### **Work Schedule and Reporting Relationship:**

The technical assistant will report to Andrew Watson, COMPASS Chief of Party. The Work Schedule will be as follows:

Days 1 and 2: Travel to COMPASS Offices in Blantyre and discuss the Scope of Work and implementation plan with COMPASS staff.

Days 3 to 10: Visit organizations that provide technical and financial support to MSMEs and NRBEs and assess their capacities with regard to provision of different services to different types of NRBEs of different sizes. The organizations should include at a minimum BEED/CEFE, TEVET, EDETA, SEDOM, DEMATT, FINCA, CABUNGO and the EU Institutional Support to the Private Sector. In addition, several projects and programs such as COMPASS and the World Bank's Lower Shire Protected Area Management Project have undertaken baseline work on establishing community-based NRBEs. Two other organizations, Business Consult and Traidcraft are also providing support services to small businesses in the form of basic management training and building markets.

Day 11 and 12: Collaborate with the second technical assistant on preparing a synthesized report as outlined above.

**ANNEX 2**

**QUESTIONNAIRE  
NATURAL RESOURCE BASED ENTERPRISE**

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY**

<b>1.0 GENERAL CHARACTERISTICS</b>	
<b>1.1</b>	Is the mandate of the institution compatible with the business development of the Natural Resource Based Enterprises and the focus of COMPASS?
The focus of the COMPASS Project Entails: <i>Analysis of the capabilities of BDS providers with respect to institutional and commercial aspects of micro small and medium enterprises in the main natural resources sectors (forestry, fisheries and wildlife). These specifically include:</i>	
<b>A1</b>	Support of structuring NRBEs and their operation
<b>A2</b>	Building the capacities of the NRBEs and their operations (developing business plans)
<b>A3</b>	Assisting in the development of the legal frameworks and the constitutions of community based organizations (CBO) and NRBEs
<b>A4</b>	Implementing rigorous but appropriate financial systems
<b>A5</b>	Training in cost-benefit analysis for the enterprises
<b>A6</b>	Assessing the economic, social and natural resource implications of the enterprises
<b>A7</b>	Market support
<b>A8</b>	Technical Assistance for basic business administration (including but not limited to cash flows, reinvestment taxes, insurance etc)
<b>B1</b>	Identification of additional support services through networking of information of NRB products with regard to technologies, information financial services, and credit, business opportunities, quality raw materials and infrastructure relevant to the sector.
<b>C1</b>	Identification of actual and potential linkages with ongoing sub-sector programs and projects undertaken by other players in the country whether bi-lateral, multilateral or donor agencies as well as NGOs.
<b>D1</b>	Developing a NRBE BDS toolkit that identifies what services are available from different organizations and spells out what levels of skill are required in different areas for the high potential products that have been identified.
<b>2.0 ADMINISTRATIVE AND FINANCIAL MANAGEMENT CAPACITY</b>	
<b>2.1</b>	<b>Personnel Management</b>
<b>2.1.1</b>	Does the institution have an organizational structure and staff compliment for the performance of the NRBEs business development?
<b>2.1.2</b>	What staffing levels are specifically assigned for this activity?
<b>2.1.3</b>	Is the institution able to service clients in the rural areas?
<b>2.1.4</b>	Is the institution capable of managing NRBEs activities?
<b>2.1.5</b>	Does the institution have a unit/section responsible for the organization and training of new or existing NRBEs and what are the competencies and methodologies?
<b>2.1.6</b>	Are there any procedures to undertake needs assessment of NRBEs?
<b>2.1.7</b>	What staff infrastructure and equipment would be available for training activities?
<b>2.1.8</b>	Is there a system of monitoring performance of NRBEs?
<b>2.2</b>	<b>Communications</b>
<b>2.2.1</b>	What means of communication does the institution have? Are the means of communication effective in view of the locality of the NRBE?
<b>2.2.2</b>	Is there a mechanism for disseminating publications and information?
<b>2.2.3</b>	Does the institution have a mailing list?
<b>2.2.4</b>	Is the institutional information disseminated through print media?
<b>2.3</b>	<b>Organizing Meetings</b>
<b>2.3.1</b>	Is there an infrastructure for such activities or are there other means of meetings conducted?
<b>3.0</b>	<b>Financial Procedures</b>



**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
NATURAL RESOURCE BASED ENTERPRISES (NRBE)**

<b>3.1.1</b>	Is there a unit responsible for financial transactions?
<b>3.1.2</b>	Are financial procedures codified? Is there a financial manual and are there problems in using this method?
<b>3.1.3</b>	Has the institution established a separate account for MSE projects in the NRBEs?
<b>3.1.4</b>	What collateral is expected of NRBEs?
<b>3.1.5</b>	Does the institution use a recognised auditor?
<b>3.1.6</b>	What are the sources of finance? Are they grants or loans?
<b>3.1.7</b>	What are levels of interest rate charged or chargeable to NRBEs? Are they commercial or concessions?
<b>3.1.8</b>	What has been the performance of the institution in financial management?
<b>3.2</b>	<b>Procurement and Management of Equipment</b>
<b>3.2.1</b>	Does the institution have procedures for procurement of goods and services locally or internationally? What unit/section is responsible for procurement of goods and services? What are the professional experiences of staff?
<b>3.2.2</b>	Who prepares procurement documents, handles customs issues, tax exemptions, shipping inspection, and claims in case of damages?
<b>3.2.3</b>	Does the institution have an inventories unit?
<b>3.2.4</b>	What problems are encountered in the delivery of goods and services?
<b>3.2.5</b>	What problems have been encountered in using new equipment for a group of NRBEs?
<b>4.0</b>	<b>TECHNICAL CAPACITY</b>
<b>4.1</b>	<b>Project Planning</b>
<b>4.1.1</b>	How is project planning done? Does the institution have staff with relevant qualification and experience in project formulation?
<b>4.1.2</b>	Is the staff of the institution experienced in NRBEs and other donor project formulation procedures?
<b>4.1.3</b>	What is the approach for project funding in short and long term projects?
<b>4.2</b>	<b>Project Management and Implementation</b>
<b>4.2.1</b>	Who is responsible for project execution? What is the institution's structure at central, regional and local levels?
<b>4.2.2</b>	What are the qualification and experience of staff in project execution? Would staff be available to participate in the NRBEs projects funded by USAID?
<b>4.2.3</b>	How are projects managed? Is there a manual or set of procedures on project management?
<b>4.2.4</b>	Which projects the institution has recently executed? Who was responsible for backstopping the projects?
<b>4.3</b>	<b>Project Monitoring</b>
<b>4.3.1</b>	Who is responsible for project monitoring and report writing?
<b>4.3.2</b>	How frequently is a report monitored?
<b>4.3.3</b>	What project monitoring tools are used? How is information collected and stored?
<b>4.3.4</b>	Does the institution have a management information system?
<b>4.3.5</b>	How does the monitoring process used collect the information? Do decision-makers in the institution use the information?
<b>4.4</b>	<b>Project Evaluation</b>
<b>4.4.1</b>	Who is responsible for project evaluation?
<b>4.4.2</b>	How frequently is project evaluation undertaken?
<b>4.4.3</b>	How are projects evaluated? Provide examples
<b>4.4.4</b>	How are the evaluation results used? Do the decision-makers in the institution use them?

### **ANNEX 3**

#### **Literature Review**

Community Based Natural Resource Management in Malawi: Trends and Issues for Capacity Building and Programme Implementation. Tony Rogge, MES 3 April 26th 1999

COMPASS: Natural Resource Based Enterprises in Malawi (Document 29) April 2001

COMPASS: Charcoal, Chiefs and Chambo, Status of CBNRM Policies in Malawi (Document 47) June 2002

COMPASS: Work Plan 2002 (Document 36) December 2001

Economic Aspects of Community Involvement in Sustainable Forest management in Eastern and Southern Africa; Hezron Mogaka et al

Malawi National Gemini Survey MSE Baseline Survey 2000, ECI, DFID, NSO, Kadale and Wadonda Consultants.

GOM/UNDP Enterprise Development and Employment Generation Programme MLW/97/001 *Revised Programme Support Document (PSD)* (1999)

United Nations Development Programme Annual report (2000) *Enterprise Development and Employment Generation Programme MLW/97/001-Annual Report*

DEMAT (2002) *Progress Report for Period March 1999 – December 2001 and Projections for the Period 2002 – 2005 for the Credit Guarantee Scheme*, presented at the Final Review Meeting 15 March

DEMAT (2001) *Report on the Business and Managerial Skills Upgrading Training Programmes Done in All the Local Impact Areas*, Blantyre: DEMAT

COMPASS: Community Tourism and Enterprise Training Manual (Document 46) May 2002

COMPASS: Monitoring CBNRM Performance and Impact (Document 40) June 2002

Umphawi, A. 2001. *Grantee Performance Report*. COMPASS Document 43, April 2002.

Lowore, J. *Natural Resource Based Enterprises in Malawi*. COMPASS Document 29, April 2001.

Kacal, S. *Community Tourism and Enterprise Training Manual*. COMPASS Document 46, May 2002.

Kamanga, G, and Chimutu, P. *Mwanza Community Based Natural Resources Management – Final Evaluation Report of the Sustainable Management Of Indigenous Forests Project Under GTZ-SADC/FTCU*. April 2002.

Watson, A. *Opportunities for Sustainable Financing of Community- Based Natural Resource Management in Malawi: A Discussion*. COMPASS Document October 2000.

Watson, A. *Natural Resource Based Enterprises in Malawi: Action Plans*. COMPASS Document 31 June 2001.

Trick, P. and Manning Linda. *Charcoal, Chiefs, and Chambo: status of CBNRM Policies and Results of Collaborative Problem- solving in CBNRM Programme Analysis and Implementation*. COMPASS Document 47, June 2002.

MAFE Marketing & Enterprise Program – (MEP) – *Mid Phase Report on Activities, Achievements and Prospects*. October 2001.

Development Alternatives Incorporated (DAI). *Work Plan: Year 2002*. COMPASS Document 36. October 2001.

Magai, G, Makoza, F, & Chiwa, E, (Dr). *GOM/ UNDOP Terminal Evaluation of the Enterprise Development and Employment Generation Report*. May 2002.

Magai, G., Chambalu, B., Mittendorfer, E., Mwangwela, A., *Needs Assessment of Women In Development in Soya Beans Processing through transfer of Technology and Business Development Services*. December 2001.

*New Direction for promoting Small and Medium Scale Enterprises in Malawi: Constraints and Prospects for growth - Rural Enterprises & Agrobusiness Development Institutions (READI Project - 1989)*

UNDP/FAO/GOM-NEC *PAPSIL user's Guide – Tools & Techniques for the Sustainable Livelihoods Programme*

GOM/UNISYS *Sustainable Livelihoods Programme – National Policy and Programme Review for sustainable Livelihoods.*

## ANNEX 4

### 1. INTERVIEWS CONDUCTED

<i><b>Institution/Organisation</b></i>	<i><b>Name</b></i>	<i><b>Designation</b></i>	<i><b>FOCUS</b></i>
DMA - COMPASS	Roger Ganse	Project advisor	TOR and Project background
DAI - COMPASS	Andrew Watson	Chief of Party (Project Coordinator)	TOR and Project approach, content and discussion on deliverables
SEDOM	E.Chioko Mrs.	General Manager	Micro-finance support to MSME with particular reference to NRBE
DEMAT	Judith Chirwa. Mrs.	Assistant General Manager	MSME Training programmes and possibilities of NRBE inclusion in training
BEED	Norbert Roesch	Project Advisor	"
FINCA	M.M.Nansubuga	Operations Manager	Micro-finance support to MSME with particular reference to NRBE
Wildlife	W. Chadza	Head of Programme	Views of the NRBE effort
EDETA	Emmanuel Mlaka	Executive Director	"
	Dayless Vinkhumbo	Training Manager- Mushroom/Beekeeping	"
	Ester Gama	Projects Manager	"
MEPC	Finley Khumalo	Senior Manager- (CFBI)	SME Trade directory
	Joseph Kalembo	Manager library Services	"

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
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## 2. LIST OF PERSONS MET

### COMPASS Grantees

<b>NAME OF PERSON</b>	<b>DESIGNATION</b>	<b>ORGANISATION/ LOCATION</b>
1. Maluwanda Jones	Projects Coordinator	Matindi Fruit Tree Nursery Youth Group
2. Zimbonta Francis	Finance Officer	"
3. Chabwera William	Project Officer – Environmental,	"
4. Kalonga Charles	Project Officer - Health	"
5. Kamwendo Jane	Member	"
6. Mataya Joyce – Mrs	Senior O.D Practitioner	CABUNGO
7. Group	Executive and Ordinary members	Ndirande Briquette Women's Group
8. Chawinga Lucy – Ms	Treasurer	Chiwembe Dam Mushroom project
9. Nkhumba - Mrs	Coordinator'/ Instructor	Senior Community Development Assistant
10. Chiwanda Samson	Technical Officer	Fisheries Dept. – Kachulu Lake Chilwa
11. Kamba Florence	Village Based worker	"
12. Nagaiye Isaac	Assets Protector	"
13. Astala Stazio	Chairman	Changoima CBNRM – Chikwawa
14. Gilanzi Rafiq	Executive Member	"
15. Mlaka Emmanuel	Executive Director	
16. Kundibule Ephraim	Chairman	Kalino Participatory Fish Farming - Zomba
17. Mpoya Kennedy	Ass. Pastor Assemblies Of God	Songani Briquette sawdust Making – Zomba

### BEST PRACTICE SITES

1. Dohse Hans Christian	NRM Advisor	Kam'mwamba Sustainable Management of Indigenous Forests Project - Mwanza
2. Nkungula Francis - Mr	Executive Director	BERDO



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**ANNEX 5**

**SUMMARY OF DATA COLLECTED THROUGH QUESTIONNAIRE**

<b>BDS Provider</b>	<b>Interviewed</b>	<b>General Characteristics</b>	<b>Administration/Financial Management Capacity</b>	<b>Technical Capacity</b>	<b>Other Remarks</b>
1. FINCA	<ul style="list-style-type: none"> <li>➤ Mary M. Nansubuga (Operations Manager)</li> <li>➤ Joe S. Mononga (Managing Director)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Loan finance to small traders.</li> <li>➤ Basic training conducted to the beneficiaries.</li> <li>➤ Have not dealt with NRBE directly</li> <li>➤ Beneficiaries to their finance should register as members and in groups</li> </ul>	<ul style="list-style-type: none"> <li>➤ Collateral requires some form of existing business.</li> <li>➤ Repayment is on a weekly basis (very short term).</li> <li>➤ Managing small loans have staff on the ground to undertake this in twenty (20) satellite districts</li> <li>➤ Infrastructure is there but not for NRBE but can serve the same purpose subject to changes in the corporate strategy</li> </ul>	<ul style="list-style-type: none"> <li>➤ The loan scheme is tailored for their type of clients.</li> <li>➤ They conduct training to their clients in Chichewa and English</li> <li>➤ The technical capacity is adequate for their type of loan</li> <li>➤ Facilitation is not suitable for NRBE development ; repayment periods are long and uncertain.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To extend their services to NRBE, changes in their loan portfolio is required.</li> <li>➤ They will also require capital to meet the challenges.</li> <li>➤ They are of the view that given finance they may review their corporate strategy to meet the expectations of NRBE growth</li> </ul>
2. SEDOM	<ul style="list-style-type: none"> <li>➤ Mrs. E. Chioko (General Manager)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Loan finance</li> <li>➤ Their activities and cliental are a mixed basket.</li> <li>➤ Their emphasis is micro, small, and medium enterprise (MSME) development</li> <li>➤ They have not necessarily dealt</li> </ul>	<ul style="list-style-type: none"> <li>➤ They provide finance and use the identified business or other collateral as the security</li> <li>➤ Their project officers appraise a business proposal and in some cases help in the proposal design and on satisfactory evaluation give financial support.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The loan scheme is not restrictive and the technical capacity is suitable however SEDOM are not confident NRBE are sufficiently structured to meet their lending requirements.</li> </ul>	<ul style="list-style-type: none"> <li>➤ NRBE development is not a very appealing venture to SEDOM, they are concerned with the structural design of NRBE that were used to a grants system whether they will be able to</li> </ul>

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		with NRBE as a separate entity but have supported natural resource products businesses like honey, mushroom and fish.	➤ SEDOM project officers who are located in all the 28 districts closely monitor loans.	➤ Experience with different categories of MSMEs has made them change their approach with emphasis on viability, clarity of activities and ownership.	adjust to the commercial requirements and the attendant interest rates. ➤ They are familiar with peer pressure as a form of loan recovery but have found it too risky where there is no other collateralisation ➤ SEDOM has had to pause and redefine its mission statement to get away from grants and subsidies which interferes with their core responsibility
3. BEED	➤ Mr. Norbert Roesch (Project Advisor)	<ul style="list-style-type: none"> <li>➤ Entrepreneurial training</li> <li>➤ Training of trainers in business development</li> <li>➤ Sell training modules to fit customer needs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Have the staff that support the training needs of clients</li> <li>➤ Located in Blantyre, they organize relevant training</li> </ul>	<ul style="list-style-type: none"> <li>➤ Their type of training is highly formal and classroom approach</li> <li>➤ Their aim is to make people become entrepreneurs and become self reliant</li> </ul>	<ul style="list-style-type: none"> <li>➤ They are urban based which is not the case with NRBE</li> <li>➤ NRBE may not be able to meet the payments and let alone attend training in Blantyre or any other urban setting</li> <li>➤ They sell their</li> </ul>



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					training packages and maybe NRBE could buy and find a trainer who could conduct training country wide
4. EDETA	<ul style="list-style-type: none"> <li>➤ Mr. E Mlaka (Executive Director)</li> <li>➤ Mrs. Dailesi Vinkhumbo (Training Office)</li> <li>➤ Mrs. E Gama (Projects Manager)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enterprise Development and Training Agency</li> <li>➤ Train people to come up with viable businesses</li> <li>➤ No formal advert but identify candidates through field coverage</li> <li>➤ Link people to lending institutions</li> </ul>	<ul style="list-style-type: none"> <li>➤ They have an administrative structure for training NRBE but do not have the financial capacity</li> <li>➤ They have worked with COMPASS and know the geographical coverage of their activities and have been of service in some districts on NRBE noteworthy Mwanza, Balaka and Blantyre</li> </ul>	<ul style="list-style-type: none"> <li>➤ They have the technical know how in some NRBE products mushroom and honey.</li> <li>➤ They are serving as an outlet for some in their showgrounds office</li> <li>➤ They are familiar with the marketing strengths and problems of NRBE and also familiar with the problems being encountered in the growth of such</li> </ul>	<ul style="list-style-type: none"> <li>➤ EDETA is a worthwhile partner in this activity but will require substantial assistance in finance.</li> <li>➤ They coverage will need to be organized consistent to the national expectations so that they are able to fill the gap on outreach.</li> <li>➤ Experience with development of a number of NRPs gives them an advantage for inclusion in a major development strategy of the NRBE</li> </ul>

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
NATURAL RESOURCE BASED ENTERPRISES (NRBE)**

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5. DEMAT	Ms J Chirwa (Assistant General Manager)	<ul style="list-style-type: none"> <li>➤ Entrepreneurship and enterprise development</li> <li>➤ Credit scheme in selected districts</li> </ul>	<ul style="list-style-type: none"> <li>➤ They have geographic districts that they operate in</li> <li>➤ Focus is on clients who have skill and know what they are looking for</li> <li>➤ Provide training in line with financial support and largely the whole process from production to marketing and loan repayment</li> <li>➤ They play a linking role between beneficiaries with the financial institution and recover amounts at source.</li> <li>➤ They are involved in communal lending and communal equipment</li> <li>➤ Their network is of 14 officers and provide training in English and Chichewa</li> </ul>	<ul style="list-style-type: none"> <li>➤ They have their own areas of priority and where they are sure of recovery</li> <li>➤ They provide training on upfront payment or where they are sure of cost recovery</li> </ul>	<ul style="list-style-type: none"> <li>➤ They can only support products that have a clear market</li> <li>➤ They may have problems dealing with NRBE given their trade</li> </ul>
6. MEPC	<ul style="list-style-type: none"> <li>➤ Mr. F Khumalo</li> <li>➤ Mr. J Kalembe</li> </ul>	<ul style="list-style-type: none"> <li>➤ Export promotion</li> </ul>	<ul style="list-style-type: none"> <li>➤ Viable structure to support international market penetration</li> </ul>	<ul style="list-style-type: none"> <li>➤ They have the technical details and catalogue for international markets and product demand</li> </ul>	<ul style="list-style-type: none"> <li>➤ They can be useful consulted where a viable productive capacity is in place</li> </ul>

**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
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7. CABUNGO	➤ Mrs. J Mataya	➤ Capacity building of NGOs (Organisational and Development in strategic management)	➤ Sponsored by donors and have a viable administrative structure	➤ They are technically competent in their type of specialisation	➤ They have client tailored training for rural and urban communities ➤ They can compliment the COMPASS activities in training of communities
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**BUSINESS DEVELOPMENT AND MARKETING STRATEGY  
NATURAL RESOURCE BASED ENTERPRISES (NRBE)**

**ANNEX 6**

**COMPASS Publications**

<b>Document Number</b>	<b>Title</b>	<b>Author(s)</b>	<b>Date</b>
Document 1	COMPASS Year 1 Work Plan	COMPASS	Jul-99
Document 2	COMPASS Small Grants Management Manual	Umphawi, A., Clausen, R., Watson, A.	Sep-99
Document 3	Year 2 Annual Work Plan	COMPASS	Dec-99
Document 4	July 1 - September 30, 1999: Quarterly Report	COMPASS	Oct-99
Document 5	Training Needs Assessment: Responsive Modules & Training Approach	Mwakanema, G.	Nov-99
Document 6	Guidelines and Tools for Community-Based Monitoring	Svensden, D.	Nov-99
Document 7	Policy Framework for CBNRM in Malawi: A Review of Laws, Policies and Practices	Trick, P.	Dec-99
Document 8	Performance Monitoring for COMPASS and for CBNRM in Malawi	Zador, M.	Feb-00
Document 9	October 1 - December 31, 1999: Quarterly Report	COMPASS	Jan-00
Document 10	Workshop on Principles and Approaches for CBNRM in Malawi: An assessment of needs for effective implementation of CBNRM	Watson, A.	Mar-00
Document 11	January 1 - March 31, 2000: Quarterly Report	COMPASS	Apr-00
Document 12	Thandizo la Ndalama za Kasamalidwe ka Zachilengedwe (Small Grants Manual in Chichewa)	Mphaka, P.	Apr-00
Document 13	Njira Zomwe Gulu Lingatsate Powunikira Limodzi Momwe Ntchito Ikuyendera (Guidelines and Tools for Community-based Monitoring in Chichewa)	Svensden, D. - Translated by Mphaka, P. and Umphawi, A.	May-00
Document 14	Grass-roots Advocacy for Policy Reform: The Institutional Mechanisms, Sectoral Issues and Key Agenda Items	Lowore, J. and Wilson, J.	Jun-00
Document 15	A Strategic Framework for CBNRM Media Campaigns in Malawi	Sneed, T.	Jul-00
Document 16	Training Activities for Community-based Monitoring	Svensden, D.	Jul-00

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Document 17	April 1 - June 30, 2000: Quarterly Report	COMPASS	Jul-00
Document 18	Crocodile and Hippopotamus Management in the Lower Shire	Kalowekamo, F.	Sep-00
Document 19	Cost-Sharing Principles and Guidelines for CBNRM Activities	Moyo, N.	Sep-00
Document 20	Workplan: 2001	COMPASS	Nov-00
Document 21	July 1 - September 30, 2000: Quarterly Report	COMPASS	Oct-00
Document 22	Opportunities for Sustainable Financing of CBNRM in Malawi: A Discussion	Watson, A.	Nov-00
Document 23	Framework for Strategic Planning for CBNRM in Malawi	Simons, G.	Nov-00
Document 24	Kabuku Kakwandula Ndondomeko ya Thumba Lapadera la Wupu wa COMPASS (chiTumbuka version of the COMPASS Small-grant Manual)	Umphawi, A., Clausen, R. & Watson, A. Translated by Chirwa, T.H. & Kapila, M.	Dec-00
Document 25	COMPASS Performance and Impact: 1999/2000	COMPASS	Nov-00
Document 26	October 1 - December 31, 2000: Quarterly Report	COMPASS	Jan-01
Document 27	COMPASS Grantee Performance Report	Umphawi, A.	Mar-01
Document 28	January 1 - March 31, 2001: Quarterly Report	COMPASS	Apr-01
Document 29	Natural Resource Based Enterprises in Malawi: Study on the contribution of NRBES to economic development and community-based natural resource management in Machinga District	Lowore, J.	Apr-01
Document 30	Proceedings of the First National Conference on CBNRM in Malawi	Kapila, M., Shaba, T., Chadza, W., Yassin, B. and Mikuwa, M.	Jun-01
Document 31	Natural Resource Based Enterprises in Malawi: Action Plans	Watson, A.	Jun-01
Document 32	Examples of CBNRM Best Practices in Malawi	Moyo, N. & Epulani, F.	Jun-01
Document 33	Media Training for CBNRM Public Awareness	Kapila, M.	Jun-01
Document 34	April 1 - June 30, 2001: Quarterly Report	COMPASS	Jul-01
Document 35	Strategic Plan for CBNRM in Malawi	CBNRM Working Group	Oct-01
Document 36	Workplan: 2002	COMPASS	Oct-01
Document 37	July 1 - September 30, 2001: Quarterly Report	COMPASS	Oct-01
Document 38	COMPASS Performance and Impact: 2000/2001	COMPASS	Dec-01
Document 39	Coordination of CBNRM in Malawi: Financing Options	Watson, A.	Jan-02

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Document 40 (4 <sup>th</sup> draft)	Performance Monitoring for CBNRM in Malawi	CBNRM Working Group	Jun-02
Document 41	October 1 – December 31, 2001: Quarterly Report	COMPASS	Jan-02
Document 42	COMPASS Field Level Training Impact Evaluation	Moyo, N.	Feb-02
Document 43	COMPASS Grantee Performance Report: 2001	Umphawi, U.	Apr-02
Document 44 (draft)	COMPASS Assessment: 2001	Sambo, E., Carr, S., Omambia, D. & Moore, T.	Apr-02
Document 45	January 1 - March 31, 2002: Quarterly Report	COMPASS	Apr-02
Document 46	Community Tourism and Enterprise Training Manual	Kacal, S.	Jun-02
Document 47	Charcoal, Chiefs and Chambo: Status of CBNRM Policies in Malawi	Trick, P. & Manning, L.	Jun-02
Document 48	April 1 - June 30, 2002: Quarterly Report	COMPASS	Jul-02
Internal Report 1	Building GIS Capabilities for the COMPASS Information System	Craven, D.	Nov-99
Internal Report 2	Reference Catalogue (3 <sup>rd</sup> Edition)	COMPASS	Feb-02
Internal Report 3	Workshop on Strategic Planning for the Wildlife Society of Malawi	Quinlan, K.	Apr-00
Internal Report 4	Directory of CBNRM Organizations (3 <sup>rd</sup> Edition)	COMPASS	Feb-02
Internal Report 5	Proceedings of Water Hyacinth Workshop for Mthunzi wa Malawi	Kapila, M. (editor)	Jun-00
Internal Report 6	COMPASS Grantee Performance Report	Umphawi, A.	Jun-00
Internal Report 7	Examples of CBNRM Best-Practices in Malawi	Moyo, N. and Epulani, F.	Jul-00
Internal Report 8	Software Application Training for COMPASS	Di Lorenzo, N.A.	Sep-00
Internal Report 9	Directory of COMPASS ListServ Members (2 <sup>nd</sup> Edition)	Watson, A.	Feb-02
Internal Report 10	Introductory Training in Applications of Geographic Information Systems and Remote Sensing	Kapila, M.	Feb-01
Internal Report 11	COMPASS TAMIS Grants Manual	Exo, S.	Mar-01
Internal Report 12	Review of Recommendations of the Lake Chilwa and Mpoto Lagoon Fisheries By-Laws Review Meeting	Nyirenda, K.	May-01
Internal Report 13	End-of-Term Evaluation of the Coordination Unit for the Rehabilitation of the Environment (CURE)	Sambo, E.Y.	Oct-01